

**MANAGEMENT CHANGE IN
GOVERNMENT:
CRITICAL FACTORS IN THE
IMPLEMENTATION OF
ACCOUNTING CHANGE IN A
PUBLIC SECTOR
ORGANISATION**

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Declaration

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Abstract

The field of research related to management accounting change is in need of more investigation, especially regarding the introduction and implementation of accounting systems in both the private and public sectors. Also, there are different factors that influence the introduction and implementation of those systems by facilitating or impeding such change. This research attempts to respond to the call from the literature that there is a need for further investigation in order to enhance the understanding of why such organisations become subject to management accounting change and how organisations respond to this accounting change, especially in the public sector. Moreover, this research focuses on exploring the critical factors that are located in the three institutional levels mentioned in the Dillard model (2004): the economic and political level, organisational field level and organisational level. In addition, the research investigates the relationships between these levels, including relationships between the factors, by means of a case study that focuses on Abu Dhabi Police who witnessed the national strategic change, including accounting change, led by the Abu Dhabi Government in 2007.

This research uses a qualitative methodology and implements both interview and document analysis methods in order to enrich the level of understanding of the accounting change in the Abu Dhabi Police organisation. The findings present evidence regarding the critical factors at each level and the effects of those factors on the accounting change in a public sector organisation. The economic and political level comprised power, structure, leadership, culture, change agency, resources and accounting systems. Also, the critical factor explored at organisational field level was partnership culture. Moreover, at organisational level there were ten critical factors considered for investigation in the present study: power, structure, leadership, communication, accounting systems, training, internal

policy, resources, politics and culture. In addition, the research explains the nature of the relationship and the types of influences between Abu Dhabi Executive Council and Abu Dhabi Police. On the basis of these results, the in-depth understanding of these factors and their impact offers a contribution to the successful introduction and implementation of management accounting systems in the public sector, especially in the Middle East and the United Arab Emirates.

Chapter 1: Introduction

1.1 Introduction

The importance of management accounting change has increased over the past two decades and this field of study has become a significant aspect of management change literature. A number of studies have been conducted in the past regarding the significance of accounting change (Burns and Vaivio, 2001; Jahamani, 2003; Waweru *et al.*, 2004; Alawattage *et al.*, 2005; Hassan, 2005; Chrusciel and Field, 2006; Hopper *et al.*, 2007), but certain areas still require exploration in order to enhance basic and advanced understanding of the surrounding organisational environment (Hopwood, 1987; Hopper *et al.*, 2007).

The literature concerning management accounting change has focused on several aspects of the topic to enhance in-depth understanding. In fact, the literature illustrates how organisational performance can be increased by introducing and implementing management accounting change, as well as its impacts on public sector organisations (Hopwood, 1987; Hopper *et al.*, 2007).

Some literatures have focused on clarifying the definition and nature of management accounting change in order to differentiate it from other change management subjects (Hopwood, 1987; Scapens and Roberts, 1993; Hopper *et al.*, 2007), while other literatures introduced

the implementation of accounting systems to make the subject more institutionalized (Zucker, 1987; Scapens and Roberts, 1993; Modell, 2001; Dillard *et al.*, 2004). Also, a number of authors investigated the factors that facilitate accounting change in both private and public sector organisations (Ezzamel *et al.*, 1997; Burns and Vaivio, 2001; Carnall, 2003; Dillard *et al.*, 2004; Hopper and Major, 2007).

This study primarily aims to investigate and examine the critical factors that have a significant influence on the successful implementation of management accounting change in public sector organisations, especially in the Middle East. In addition, these critical factors are considered with regard to introducing change management in general, and accounting change in particular, for organisations in the public sector.

1.2 Management Accounting Change in the Middle East

It is important to mention that there are a number of studies in the Western world that have considered the topic of management accounting change and explained how to introduce and implement a new accounting system in both the public and private sectors. This research mainly focuses on public sector organisations that are located in the Middle East. Although many studies have been conducted on Western public sector organisations, very little attention has been paid to Middle East organisations. The main studies regarding accounting change in the Western world have concentrated on several services such as police services (Collier, 2001; Collier, 2006), healthcare services (Covaleski, *et al.*, 1993; Modell, 2001), education (Covaleski and Dirsmith, 1988), and city councils (Lapsley and Pallot, 2000). These studies were primarily conducted in the UK, USA, South Africa, Australia, and New Zealand.

However, there is a dearth of studies, in both Western and Eastern worlds, that focus on investigating and examining the critical factors that have an influence on the success introduction and

implementation of accounting systems. Therefore, lack of knowledge and little attention being paid to some of these factors may affect the productivity of public sector organisations. This gap in the literature motivated the researcher to enhance the understanding of the key factors that public sector organisations must address before and during the implementation of management or accounting change (Zabjek *et al.*, 2009).

In addition, very few studies have been focused on the factors that influence on management accounting change (MACh) in relation to accounting change public sector organisations particularly in under developed countries including the Middle East (Jahamani, 2003). One exception was a study in Egypt in the context of organisational change whose researcher called for in-depth study in order to clarify the resistance to an accounting change (Hassan, 2005). In fact, this research is based on exploring the role of management accounting in a public organisation of Abu Dhabi. Therefore, little attention was paid to key factors associated with new accounting systems that support or impede the implementation of innovative accounting system especially in developing countries (Hassan, 2005). Thus, an attempt is also made to fill this gap in the literature of developing countries by increasing the understanding of New Public Management (NPM) reform in the Middle East.

1.3 The Background of the Case Study

The research mainly focuses on the Abu Dhabi Police who are responsible for providing safety and security services in the Emirate of Abu Dhabi. All the public entities in Abu Dhabi, including the Abu Dhabi Police, are supervised by the Emirate itself as it is the capital of the United Arab Emirates. Here, it is important to provide relevant information concerning the UAE and its capital in order to understand the environment that surrounds the case study. The United Arab Emirates is composed of seven emirates: Abu Dhabi, Dubai, Sharjah,

Ajman, Umm Al Qaiwain, Ras Al Khymah and Fujairah. It has two regimes: federal and local. Abu Dhabi Emirate is the largest emirate of the UAE, covering more than 85 percent of the entire country. In 2011, the population of the emirate was 2.9 million and it is estimated that it will grow by 5.4 percent in the next five years (UAE Year Book, 2010).

Abu Dhabi Emirate, represented by the Abu Dhabi Executive Council (ADEC), called for a strategic change in 2007. This strategic change covered all public and private entities which are under the control of ADEC. The strategic change focused on preparing a plan for each entity that aligned with Abu Dhabi's vision of 2030. Also, this strategic change concentrated on accounting change by introducing and implementing new accounting systems that would facilitate ADEC's supervision of the performance of public entities to ensure the achievement of the Emirate's vision. The Abu Dhabi Police were one of those entities that were involved in the strategic and accounting changes. Moreover, the Abu Dhabi Police (ADP) responded swiftly to the strategic change by developing a strategic plan for the period from 2008 to 2012. This research investigates why and how the ADP implemented the strategic change and how, if at all, did the ADP's management accounting change. Also, the research explored the critical factors that facilitated the successful implementation of an accounting change in the Abu Dhabi Police as an entity supervised by ADEC. Furthermore, this study also contains some useful information regarding the UAE, Abu Dhabi Emirate, and Abu Dhabi Police that will support the aim and objectives of the research (Abu Dhabi Strategic planning Agenda, 2007).

1.4 Significance of the Study

This research fills the literature gap by investigating and examining the critical factors that have a significant influence on the success of change management in general, and accounting change in particular,

for the public sector organisations. Although, a number of studies have been conducted in the past on this subject matter, there are certain areas that require more in-depth investigations related to the institutionalization of accounting management practices in public organisations (Zucker, 1987; Scapens and Roberts, 1993; Modell; 2001; Dillard *et al.*, 2004). In addition, this research is also significant in terms of exploring critical issues related to developing countries, including the Middle East, because several studies have been conducted formerly to address issues that affect the introduction and implementation of accounting systems in the Western countries (Ezzamel *et al.*, 1997; Burns and Vaivio, 2001; Carnall, 2003; Dillard *et al.*, 2004; Hopper and Major, 2007), very little attention has been paid to the Middle East public sector organisations (Jahamani, 2003; Hassan, 2005).

The second aspect that adds value to this research is to investigate and provide a rich insight into the critical factors that have a crucial impact on the hindrance or making possible the accounting change, particularly in public sector organisations. In order to facilitate the strategic and accounting changes, this case study research investigates the critical factors at different government levels, including the entities, which are official departments, or organisations within organisational field level and the organisational level, by using the framework proposed by Dillard *et al.* (2004). It is believed that this type of investigation will increase the understanding of the main factors, as well as the impact of each factor at different levels, whilst introducing and implementing accounting change. The New Institutional Sociology framework is based on three levels, each containing a number of factors. The first level is the economic and political level which covers established societal norms. The second level is the organisational field which is concerned with industrial and professional groups such as motor manufacturers. The third is the organisational level which relates to the organisation itself (Ezzamel

et al., 1997; Burns and Vaivio, 2001; Carnall, 2003; Dillard *et al.*, 2004; Hopper and Major, 2007).

The third aspect of the study is significant in that it explores strategic changes in the United Arab Emirates, Abu Dhabi Emirate, and the Abu Dhabi Police. These strategic changes were mainly based on a strategic plan for each entity in terms of introducing and implementing new accounting systems proposed by ADEC in order to provide optimal service within the Emirate of Abu Dhabi.

1.5 Research Objectives

The primary aim of this study is to investigate in depth and observe the critical factors that have a substantial impact on the successful implementation of management accounting change in public sector organisations, particularly in the Middle East. The research also aims to determine how these factors can be taken into account when introducing and implementing change management in general, and accounting change in particular, for the public sector organisations. This research uses a case study of the Abu Dhabi Police (ADP) as a government entity that was influenced by the national strategic change that took place in Abu Dhabi Emirate in 2007 under the supervision of ADEC.

In this regard, the underlying objectives that this study intends to achieve are as follows:

- To review definitions of management change and management accounting change;
- To explain the types of management accounting change in the public sector;
- To review the main accounting approaches in the public sector;
- To review the institutional and alternative approaches in management accounting change;

- To investigate and explain the critical factors that influence the implementation of management accounting change in the public sector;
- To conduct semi-structured interviews to gain better understanding regarding accounting change at the government level;
- To examine documents related to the Abu Dhabi Government in order to understand the policies and strategic aspects of accounting change.

1.6 Research Questions

The main research question of the study is as follows:

- Why and how the Abu Dhabi Police implement the strategic change and how, if at all, did the Abu Dhabi Police's management accounting change?

This research question focuses on explaining the ADP's response to the strategic change that was requested by ADEC. Also, a clarification of the impact of this strategic change on management accounting change in the ADP is presented in order to explore the critical factors that influence the accounting change in an organisation.

1.7 Structure of the Study

This research thesis consists of eight chapters. The first chapter presents a brief overview of the study including the introduction and background to management accounting change worldwide, with particular reference to the Middle East. Moreover, the significance of the study, research questions, research objectives, and structure of the thesis are also discussed in this chapter. The structure of the remaining chapters is as follows:

Chapter 2 is based on the literature review on change management with special emphasis on management accounting change. This chapter first discusses the research design using the Fish framework proposed by Searcy and Mentzer (2003). This framework contains essential elements of the research followed by the definitions of 'organisational change' and 'management accounting change'. The different perspectives on management accounting change and changes in the organisational environment also form part of this chapter. Moreover, the concept of management accounting change in the public sector is discussed in detail, including new public management and performance measurement. This is followed by a discussion on characteristics of management accounting change and some critical accounting approaches such as Best Value and Key Performance Indicators (KPIs) in the context of accounting practice in the public sector. Finally, this chapter explores performance measurement practices used in the public sector, such as Balanced Scorecard, European Foundation for Quality Management (EFQM), and Total Quality Management (TQM).

In Chapter 3, the concept of Institutional Theory is explored in detail, including an examination of the main approaches in management accounting literature, these being Old Institutional Economics, Neoclassical Economics (NCE) and New Institutional Economics (NIE). In addition, the theoretical framework of the study is also discussed in this chapter to provide an in-depth understanding of New Institutional Sociology. The chapter concludes with the justification for choosing NIS as a theoretical framework for this research.

Chapter 4 is concerned with the research methodology of the study. The chapter begins with a brief explanation of the research aim, research objectives and research questions, followed by a discussion on the philosophy of the current research. Moreover, a detailed discussion on research approaches, including qualitative and quantitative reasoning, also forms part of the chapter. This chapter

mainly justifies the researcher's decision to choose interview and case study as the two research methods for this study. The chapter concludes by presenting the limitations and ethical considerations of the research.

Chapter 5 focuses on the background of the case study. This mainly includes a general explanation regarding various aspects of the United Arab Emirates, including its geography, location, size, cities, population and history. In addition, the vision, ministries, government structure, crime rate and national EFQM awards, as well as economic, political and social aspects of the UAE are also explored in this chapter. Finally, a brief discussion on Abu Dhabi Emirate concerning several aspects is also included in this chapter in order to understand how strategic change has implemented in the Abu Dhabi Police.

Chapter 6 presents the findings of the research. These findings are primarily based on the interview method which was adopted as a subject to transcription process. The chapter explains a variety of information about the interviewees to enhance understanding of current management and accounting practices in Abu Dhabi. In this chapter, the researcher describes how the interviews were conducted with managers, advisors, and officers of the Abu Dhabi Executive Council (ADEC) and Abu Dhabi Police (ADP). In addition, the chapter presents the findings of document analysis which covers documents related to the Abu Dhabi government that provide clear and official information about the management and accounting strategies, policies, and future agendas.

Chapter 7 discusses the findings of both interview and document analysis, including the issues highlighted in the research. In addition, the NIS framework proposed by Dillard *et al.* (2004) is used in this chapter to conduct theoretical analysis, as well as to explain the findings of the study. Finally, the critical factors that influence the introduction and implementation of accounting change are also examined in this chapter.

Chapter 8 concludes the thesis with recommendations regarding introducing and implementing accounting change in the Middle East, with particular focus on the United Arab Emirates. Furthermore, the chapter explains how this research can contribute to the existing literature concerning management and accounting changes in the public sector organisations. The chapter ends by presenting limitations and future directions for the research.

Chapter 2: Management Accounting Change in the Public Sector

2.1 Introduction

The main aim of this chapter is to present the literature that provides the key perspectives of management accounting systems that are implemented in the public sector and characteristics of management accounting change. The chapter opens with an explanation of the framework which Searcy and Mentzer (2003) called the research fish, a framework which applies to the present research and clarifies its position in the world of ideas.

The second section presents definitions of organisational change and management accounting change. Then, the third section provides the main perspectives on management accounting change, as stated by (Burns and Vaivio, 2001). It concentrates on three perspectives: the epistemological nature of change, the logic of change and the management of change. The fourth section discusses the changes in the environment of organisations. After that, management accounting change in the public sector is explained in the fifth section by discussing the new public management and performance measurement. The sixth section presents the characteristics of management accounting change, including a number of factors that are discussed in the literature.

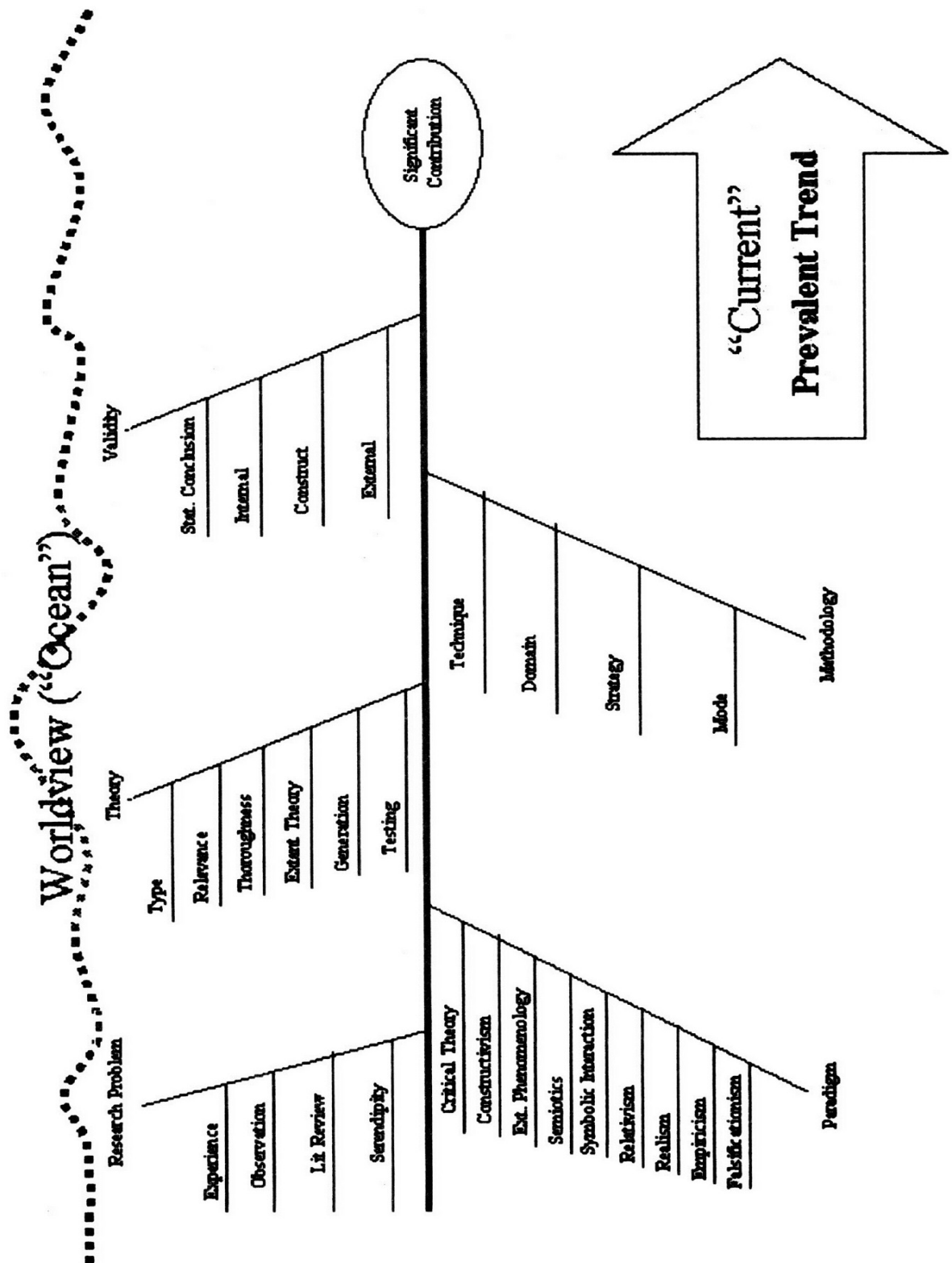
The seventh section provides a brief discussion concerning the main accounting approaches by explaining best value and key performance indicators. Finally, the eighth section discusses private sector performance measurement practices that are used in the public sector: balanced scorecard, European foundation for quality management and total quality management.

2.2 The Research Design

Before commencing the literature review, it is important to explain the logical structure of the research. This is done by using a research map based on a study by Searcy and Mentzer (2003), who suggest an organizing framework to make research more logical and understandable. It also helps to enhance the explanation of the phenomenon that is the subject of the research. Searcy and Mentzer (2003) consider the aims of research and the factors that should be involved in such investigations. They explain the nature of research and state that it should have three main aims: explanation, understanding and prediction of phenomena. They focus on accounting research and mainly on work published in the top four accounting journals from 1995 to 2000, namely *Accounting, Organizations and Society*, the *Journal of Accounting and Economics*, the *Journal of Accounting Research* and the *Accounting Review* (Searcy and Mentzer, 2003).

They claim that their framework can be used as a process to increase the validity of research and to ensure that it contains the essential elements of any research (Searcy and Mentzer, 2003). Figure 1 illustrates the research fish.

Figure 2.1 – Research Fish



Source: Searcy and Mentzer (2003, p132)

There are three dimensions or world-views that surround the research fish: positivistic, interpretive and critical. The prevalent trends of research should also be explained in order to understand the circumstances that influence the research. The research fish has five main parts: research problem, paradigm, theory, methodology and validity (Searcy and Mentzer, 2003).

Each of these points is explained and applied to the present research in order to achieve its main target, which is to make a contribution to knowledge. The world-view of this research is explained in the Methodology chapter. Next, the prevalent trend is stated in the current chapter on Management Accounting Change in the Public Sector, which also sets out the research problem, including the research questions, and a review of the MACH literature. The research paradigm is discussed in the Methodology chapter, while the various aspects of the theory part of the research fish are explored in the Theoretical Framework chapter. The methodology, which comprises mode, strategy, domain and technique, and which refers to the gathering and analysis of data, is investigated in detail in the Methodology chapter. The final element of the research fish framework is validity, which is also discussed in the Methodology chapter (Searcy and Mentzer, 2003).

This chapter reviews the literature that discusses management accounting change and organisational change. The first section explains management accounting change and contains subsections. The second section discusses management accounting change in the public sector and also contains subsections that relate to this subject.

2.3 Management Accounting Change

As far as the literature is concerned, management accounting change (MACH) is an area that calls for more investigation. It is one of a range of aspects in organisational change. This section focuses on several areas (Hopper *et al.*, 2007). First of all, organisational change will be explained in order to identify, more closely, the role of change in organisations in the public and private sectors. Also, the need for change and the circumstances that necessitate the application of the change process in organisations is indicated. Secondly, the concept of MACH is reviewed in accordance with previous studies. There is also a discussion of the three phases of accounting change, as mentioned by Hopwood, (1987): precondition of change, processes of change and consequences of change.

The third part of this section presents perspectives on management accounting change that are argued by Burns and Vaivio (2001). These perspectives are the epistemological nature of change, the logic of change and the management of change. Furthermore, the area of this research, according to these perspectives, is identified. Finally, a clarification of changes in the environment of organisations is investigated by explaining the internal and external environmental aspects that have impact on the change process in an organisation. However, the literature relating to the internal and external environmental aspects in private sectors is excluded from the research.

2.3.1 Organisational Change Definition

Organisational change as a concept remains an important field for further investigation as a result of the relation of the change process to many aspects of social life. Nowadays, it has become a popular notion in recognizing the majority of organizations' problems. Also, there has been an increase in competition in the environment that

has led organisations from both private and public sectors to adapt and adopt change process methods in order to face the challenges and survive (Burnes, 1996; Quattrone and Hopper, 2001; Dawson, 2003; Buchanan and Huczynski, 2004; Hayes, 2010). In other words, organisational change has a crucial impact on the internal and external environment of organisations, such as, performance management system, operational system, strategy and structure. It is argued that organisational change can be described as new habits and ways of organizing and working in organisations. Also, it can be described as moving from one position with specific space and time to another position (Quattrone and Hopper, 2001; Dawson, 2003; Buchanan and Huczynski, 2004; Hayes, 2010).

Moreover, organisational change has impact on the culture of organisations, such as the attitudes and behaviour of individuals. According to Dent (1991), organisational change is a process that separates activities within a particular culture and gathers these activities to another culture.

In the literature, there are different meanings of change, depending on the definition and categories chosen by particular researchers. These categories explain the different approaches to organisational change: there are changes of identity, co-ordination and control; incremental and radical change; strategic and non-strategic change; incremental change and "quantum" change; human-centered classification of change at individual, group, inter-group or organisation level; change in terms of scale and centrality to the primary task of the organisation; and planning change and emergent change (Burnes, 1996; Cao, *et al.*, 2000).

It has been argued that the change process is a complex process. The reasons are that this process is unpredictable, difficult to understand and not a linear process. Therefore, the same applies to the nature of the concept of management accounting change as one of the organisational aspects and affected by the same factors and

circumstances faced by other types of organizational change. Some of these circumstances are discussed in this research (Hopwood, 1987; Burnes, 1996; Vaivio, 1999; Andon et al., 2007).

2.3.2 Management Accounting Change Definition

The Chartered Institute of Management Accountants (CIMA) defined management accounting or managerial accounting as *"the process of identification, measurement, accumulation, analysis, preparation, interpretation and communication of information used by management to plan, evaluate and control within an entity and to assure appropriate use of and accountability for its resources; furthermore, management accounting also comprises the preparation of financial reports for non-management groups such as shareholders, creditors, regulatory agencies and tax authorities"* (Atkinson et al., 2007, p. 3).

Also, in 2008, the Institute of Management Accountants (IMA) revised the above definition as *"management accounting is a profession that involves partnering in management decision making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization's strategy"* (Crosson and Needles, 2010, p. 4).

Generally, managerial accounting is considered as a tool which refers to providing salient accounting and business related information to authorities within the organisations for decision making purposes (Burns and Scapens, 2000). Traditionally, 'change' can be described as any modification, alteration, transformation, or variation. Management accounting change is an idea without any clear definition (Johansson and Lundstrom, 2011). However, this particular topic is broadly discussed in the management literature, but it is still not clear whether managerial accounting has really undergone a change or not. In this regard, Burns and Scapens (2000) emphasized

the need for practicing management accounting at different levels within the organisation, since the changes in the economic and financial surroundings frequently encourage organisations to make drastic adjustments in their routine operations using management accounting. Miller and O'Leary (1993) found several studies that indicate the importance of management tools, including accounting systems that have been utilised in a more flexible manner in the past, and both economic and financial measurements have been extensively used in this regard.

It is generally acknowledged that a management accounting information system enables managers to implement required changes by expanding current business operations with effective management and control procedures. In this regard, the managerial accounting system has to be up-to-date and advanced so that managers can implement changes with ease. The American Institute of Certified Public Accountants (AICPA) pointed out that successfully implementing management accounting change can broaden this concept to three management areas, namely strategic management, performance management, and risk management (Schmitt, 2012). However, to facilitate this, the Management Accounting Information System (MAIS) should be designed differently in a way which can be easily differentiated from financial accounting systems (Dodge, 1997; Demski, 2008). In this regard, characteristics of management accounting that differentiate it from financial accounting are as follows:

- Management accounting mainly follows a forward-looking approach rather than conveying historical or chronological information;
- Management accounting adopts a model-based approach to broadly support decision making rather than a case based approach;

- Management Accounting Information System (MAIS) is designed for the use of managers rather than for public regulators, creditors, or shareholders;
- Management accounting is generally confidential and not publicly reported like financial accounting

Sources: Dodge (1997) and Demski (2008)

Increasingly, management accounting change (MACh) has become a significant field where much remains to be investigated. Identifying one comprehensive definition for the concept of accounting change is problematic. Therefore, accounting change is rich field for further investigation. There is research that explains accounting change as an ongoing process furthered or hindered by individual events in the life of an organisation (Hopper *et al.*, 2007). This view is similar to that of Hopwood (1987), who observes that little has been explored with regard to accounting change. He, also, limits the aspects of accounting change that have been researched to conditions that can offer some conceptions in the field of accounting: the elements that force accounting to become an option, the events that accompany accounting implementation and diffusion in an organisation, and the impact of human, organisational and social effects that influence the accounting change process. Hence, many researchers have focused on investigating accounting change from their individual viewpoints by using different theoretical frameworks.

In this research, the second and third aspects of accounting change aspects, as argued by Hopwood (1987), are the central matters for discussion. The reasons for this relate to a number of issues. Firstly, the change process, in general, and accounting change, in particular, is influenced by many factors, both internally and externally. These factors surround the organisation and are located in the environment of organisations which relates to policy and social issues. Changes in the internal and external environment are discussed. Secondly, the

chosen aspects encompass a wide notion of accounting change. It alters the overall perception of accounting change from simply not going beyond accounting methods and tools to becoming a change in the way of using accounting information that has been collected and analysed to support the management in an organisation; for example, when this information is used in decision-making processes (Hopwood, 1987; Andon *et al.*, 2007).

According to Hopwood (1987) and Andon *et al.* (2007), there are three main phases for accounting change: precondition of change, processes of change and consequences of change. Firstly, precondition of change relates to many aspects that occur in organisations. The studies in this phase agree that precondition of change is a complicated situation. This situation does not occur at the appearance of change only; it also relates to the facilitation of this change. There are number of studies that focus on this particular phase and discuss different aspects; for instance, corporate strategy and organisational design (Gosselin, 1997). Also, it is argued that top management support, quality of accounting manufacturing technologies and training and adequacy of resources are other aspects of the precondition of change phase (Andon *et al.*, 2007). Moreover, it is argued that the adoption of Activity Based-Costing (ABC), as an accounting system, in the Portuguese Telecommunication Company has been influenced by European Union regulations and consultants (Hopper and Major, 2007).

Secondly, processes of change concentrate on the events that accompany such processes. They occur on the level of social and political factors that influence the change process in the organisation. Also, the concept of translation is shown clearly in many literatures carried out on this phase, such as Briers and Chua (2001). Moreover, accounting tools and technologies are the main subject in the processes of change phase. In other words, the diffusion of accounting innovations is clearly observable in this phase; for

example, Lin and Yu (2002) in their study on examining the diffusion of Western management accounting approaches in the Iron and Steel Company in China. They used the in-depth interview method and found that traditional business administration regulated by the government has influenced the cost control system in Chinese companies. Furthermore, different characteristics of resistance to the process of change have been studied within this phase. For example, in studies of resistance for change in a large multidivisional company, it has been stated that resistance is expected in any change in organisation and it is important to understand organisational and historical circumstances (Scapens and Roberts, 1993; Andon *et al.*, 2007). In addition, the role of consultants and agents has been studied as support factors in change processes in organisations (Andon *et al.*, 2007). This view will be taken into consideration with regard to data collection in this research.

The final phase of accounting change is consequences of change. The studies in this phase explain the influence of accounting change on organisational culture, organisational purposes, organisational strategy and vision. Also, it introduces new accounting area and affects the organisational functioning (Andon *et al.*, 2007). Moreover, it was argued that MACH can arise informally through organisation drift which is as a result of the impact of external factors (Burns and Vaivio, 2001; Andon *et al.*, 2007).

However, in order to increase awareness of other perspectives of accounting change, there is another aspect of research on change processes that discusses management accounting change from three main perspectives. These perspectives are reviewed below.

2.3.3 Perspectives on Management Accounting Change

The focus of this research encompasses the central topic of management accounting change. Indeed, the importance of MACH as

a new field of research can be seen to be increasing. Within this field, there are three perspectives that are particularly suitable for further research: the epistemological nature of change, the logic of change and the management of change (Burns and Vaivio, 2001).

2.3.3.1 The epistemological nature of change

In this perspective, there are a number of questions which arise as to the nature of change and whether it is tantamount to a non-phenomenon. For instance, there is a possibility of using non-financial measurements as a new system of measurement. Change can also be equated with a positive improvement; however, it can equally be applied to negative developments (Burns and Vaivio, 2001). Moreover, Scapens and Roberts (1993) highlight the nature of accounting change from the point of view of the consequences that affect this process. They state that *"the process of accounting change is not likely to be uncontested, but the conditions of possibility for accounting change are likely to be subject to various organisational pressures and rationales"* (Scapens and Roberts, 1993, p.2).

Moreover, this perspective concerns both the process of change and the maintenance of stability. It suggests a number of areas for further investigation, such as the elements of stability which is a rich field for investigation, especially in the occurrence of variables that surround the organisation, whether behavioral or social variables. Also, consideration should be given to whether these variables are internal or external, and whether they are local or international. It also suggests investigating the change process as a continuous process or an ongoing phenomenon. Furthermore, the indication of external influences is involved in this perspective. Nevertheless, it should be noted that many literatures on this perspective have focused on adopting new institutional sociology theory (NIS) which concentrates in-depth on external factors that influence the change process in organisations (Burns and Vaivio, 2001). NIS is more appropriate for

explaining the implementation of valued structures and procedures in the social environment, especially in the public sector; for example, schools and hospitals (Meyer and Rowan, 1977) Also, according to this approach, the meaning of change can contain two aspects: evolutionary and revolutionary (Burns and Vaivio, 2001). The current research discusses the NIS in Chapter 3.

2.3.3.2 The logic of change

In this perspective, change is logically perceived as a managed organisational practice in the organisation and there are actors who take responsibility for this change in management accounting. However, there is an opposite position to the logic that is mentioned by this perspective, and which argues that the change is unplanned and unmanaged. Significantly, the logic in this perspective can be classified into different types. It can be considered as linear or nonlinear, systematic or unsystematic. There are also a number of fields subsumed by the logic of change perspective where there is a need for further research, such as functional logic and political activity (Burns and Vaivio, 2001).

2.3.3.3 The management of change

This perspective focuses on two aspects of change, by considering it centrally and locally. In the central aspect, the top management plays a significant role in the change process, partly because senior managers understand the need for change and plan for it (Hayes, 2010). By contrast, in the local aspect, the top management is not capable of understanding the suitability of the change that should be implemented. Thus, the local actors play an important role, with the help of a change agent, in applying the change to the organisation. It is also relevant to the previous studies that this perspective takes account of the organisational culture and tries to merge it with MACH (Burns and Vaivio, 2001). Moreover, it has been mentioned that it is important to control the organisational culture in order to increase the

opportunities for successful change implementation in organisations and this is related to its crucial influences on all organisational levels (Carnall, 2003).

In this research, the three main perspectives on management accounting change that were discussed by Burns and Vaivio (2001) have been implemented on the case study in order to increase understanding regarding the nature, events, factors and actors in the change process. Also, it explores in depth the external factors on the change process which supports the choice of NIS as the appropriate theory for this research, along with a consideration of internal factors. Moreover, there is need for more investigation of change processes according to these perspectives. Finally, there is also a dearth of studies on stability (Burns and Vaivio, 2001).

Moreover, three main phases for accounting change that were discussed by Andon *et al.* (2007) could offer an alternative way to investigate the change process. However, actor network theory is more suitable for these phases rather than NIS theory. Also, these phases concentrate more on the human and nonhuman elements (Briers and Chua, 2001).

The following section discusses changes in the environment of organisations and clarifies some examples of internal and external changes that influence organisations.

2.3.4 Changes in the Environment of Organisations

Management accounting change has emerged from the changes that affect organisations in both perspectives of internal and external environment. The internal changes relate to many aspects; for example, structure, leadership style, staff and system (Martin, 2001). Structure refers to a framework that clarifies the responsibilities and relationship between levels in organisations. Many organisations alter the structure from hierarchical to flexible structures (Rollinson, 2005).

Also, leadership style refers to the behaviour of managers when making decisions and their control style in organisation (Mullins, 2005). Increasingly, managers understand the importance of improving their skills at leading the organisation. They accept the culture of empowerment of staff to respond to different organisational activities and give them opportunities to practice taking responsibility. In addition, managers in many organisations learn to manage their organisation and understand accountability concepts (Ezzamel *et al.*, 1997; Hayes, 2010).

Furthermore, staff or employees are a crucial aspect of organisations. They are a complicated factor which influence and are influenced by other factors in an organisation. Nowadays, many organisations aim to improve the skills of employees, both at managerial and technical levels. Ezzamel *et al.* (1997) present an example of internal change that has an impact on the employees. They argue that many organisations that have been subject to the change process, in both private and public sectors, have introduced the concept of teamwork and they encourage their employees to practice this concept.

System can play an important role in an organisation. System change occurs in organisations by introducing, implementing and developing a system. For example, a rewards system can influence managers and employees by motivating them to achieve their tasks. Also, control system plays a significant role in modernizing organisations (Collier, 2001; Hopper and Major, 2007). Hopwood (1987) proved that accounting is a social phenomenon which influences the organisation as a method that changes the organisation.

In other words, the implementation of new management accounting systems or techniques has an impact on change processes. Governments in many countries have introduced accounting systems and techniques that are facilitated by implementing management accounting change innovations (Modell, 2001; Hopper and Major, 2007). MACH innovations not only facilitate the provision of

accounting systems, but also extend to the application and implementation of these systems in governmental organisations, as well as the development of these systems in line with the government's needs. This also leads to the application of change processes on these governments (Lin and Yu, 2002; Hopper and Major, 2007). Moreover, it affects the performance and accountability in organisations (Ezzamel *et al.*, 1997). For instance, Modell (2001) explained how a performance measurement system was implemented in Norwegian health care in the public sector, using the NIS perspective to explain the change process.

In addition to the internal aspects that have been discussed, there are external aspects affecting the organisation. There are many aspects that surround the organisation that are located in the external environment, such as political, technological, social and economic aspects (Fowler, 1999); for example, the emergence of the international unions that set laws and regulations that are binding on member governments, which require some changes in legalization in specific fields, such as environment, health and accounting systems. The European Union is an example of international unions. The same applies to private organisations; for example, the European laws those were legalized by the European Union and were designed to organize the telecommunication companies. This led the telecommunication companies to review and adopt the necessary changes in telecommunication businesses within European countries (Hopper and Major, 2007).

In addition, governments in many countries have privatized some organisations that used to be controlled by the government; for example, the privatization of the railways in the UK (Baxter and Chua, 2003). However, governments in many countries realised the practical implications of the successful applications that are implemented in the private sector, which led to the adoption of some of these applications in the public sector, with modifications to meet

public sector requirements. This process falls within the reform process undertaken by many countries in institutions of government in order to achieve the efficiency, effectiveness and cost-saving implications of the services provided. This process demonstrates the vulnerability of governments and external environmental variables that necessitate a change in many governmental activities, including accounting, which is the subject of study. Moreover, strict regulations to assess performance and accountability are applied to enable the central government to monitor performance and have access to information that supports taking the appropriate decision-making (Ezzamel *et al.*, 1997; Baxter and Chua, 2003).

Also, the changing of role of accountants in the private sector can be considered as another external aspect. It has been said in studies that the role of accountants has changed from the traditional role of bookkeeping to a more important role which leads to their involvement in decision-making processes. This has been observed in a number of private sector organisations and led some governments to review the role of accountants and improve their role to involve them in performance measurement and develop performance indicators. This has also led to a stronger relationship between managers and decision makers with accountants, especially with regard to making decisions based on information associated with performance, both financial and non-financial (Fowler, 1999; Nor-Aziah and Scapens, 2007); for example, the changing role of accountants from traditional roles to becoming involved in the implementation of quality management as performance measurement practices in Queensland businesses. It is argued that the accountant's role has adjusted in three areas: performance measurement; the functioning of quality management through accounting function; and cost determination (Fowler, 1999).

In addition to the above, there are a number of private sector organisations that involve their employees in the performance

measurement process, both with regard to the evaluation system to be applied, or telling them the rules of the applicable mechanisms and their role in the implementation and success, as well as the expected results from the application of these systems on individuals and the organisation as a whole. As a result, some governments adopted this concept and took into account the importance of individuals and their role in the application of accounting systems, as well as their role in facilitating the application of the change process (Hopper and Major, 2007).

2.4 Management Accounting Change in the Public Sector

Management accounting has become one of the main pillars of organisational practices which can facilitate opportunities for the change process (Hopwood, 1987). This statement confirms the increasing awareness of management accounting, especially after the emergence of alternative accounting change practices that involve financial and non-financial indicators. This section concentrates on MACH in the public sector. Thus, the first part explains the concept of New Public Management (NPM) as a notion for public sector reform in many countries. Also, a brief history of NPM is presented. Moreover, a number of criticisms that relate to NPM are discussed. Secondly, the concept of performance measurement is explored, including factors that influence the performance measurement systems in the public sector. These factors have different impacts at the different stages of introducing the system, implementing the system and developing the performance measurement system. Their impacts are presented with case studies that are reviewed in existing literature. Thirdly, characteristics from the literature on management accounting change are discussed with examples. Finally, the main accounting approaches that are implemented in the public sector and those approaches that have been adopted from the private sector are considered.

2.4.1 New Public Management (NPM)

Change culture is taken into account by private and public organisations as a main factor concerned with surviving in the competitive environment. Nowadays, the public sector in many countries has tried to change performance measurement over past two decades, moving from bureaucratic management to new a style of management that can adapt to global changes. Therefore, the concept of NPM has developed as an innovative notion that focuses on increasing the quality in public sector services, adds value for money and reduces the costs in its operations. Also, there has been an increase in understanding of the importance of reform in many countries and this has been manifested in a number of ways, such as privatization, implementing new accounting techniques and introducing non-financial measures (McCourt, 2003; Sotirakou and Zppou, 2006).

New Public Management (NPM) can be described as an umbrella for a number of public reform implementations around the world and over decades, which include different methods, innovations and techniques in the accounting field. In order to improve the efficiency of controlling systems in the public sector, governments in different countries and at different levels of development adopt and adapt a number of innovations and methods in performance measurement (Caccia and Steccolini, 2006).

In order to understand NPM, an example of public sector reform in the United Kingdom follows. There are four main stages of public sector development in the UK. The first stage is called the minimal stage and it occurred in the late nineteenth century. In this stage, many public services were located in one of two sectors: charitable and private. Also, the public provision that contains public principles was set in this stage. Unequal partnership is the second stage and it focused on the relationship between the government, charitable and

private sectors. It was emerging in the early twentieth century. In this stage, the characteristics used in the charitable sector had an impact on public services (McCourt, 2003).

The third stage explains how the government played a key role in all aspects of life during the period from 1945 to the 1980s. This stage is called the welfare stage and the government was concentrating on providing a minimum standard of services for all citizens. This stage was accompanied by failure in many charitable and private provisions. This failure is associated with many reasons, such as ineffective management. The final stage is the transformation from welfare state to plural state. It was designed by the Conservative Party in the UK, beginning in the late 1970s. In this stage, the government focused on designing services to meet individual needs (McCourt, 2003). Moreover, NPM began in Thatcher's era, from 1979, and the government focused on effectiveness and efficiency in its public services. A summary of the above four stages are presented in table 2.1:

Table 2.1 – Summary of NPM stages

Stage	Era	Positive changes	Negative changes
Minimal stage	Late 19 th Century	Public provisions that contained public principles were set in this stage	
Unequal partnership stage	Early 20 th Century	Developed relationships between government, charitable and private sectors	The characteristics used in the charitable sector had a negative impact on public services
Welfare stage	1945 to 1980	Government provided a minimum standard of services for all citizens	Failure of many charitable and private provisions on the basis of ineffective management
Transformation stage	Late 1970s	Government initiated services to meet individual needs	

NPM concentrates on significant measurable outputs rather than inputs and process (Houghton, 1997). Furthermore, there is another definition of NPM which links this reform to the financial aspect and focusing on outputs by using a performance measurement system in order to achieve organisational goals (Ferlie and Steane, 2002). There is no agreed definition of NPM. According to McCourt (2003), there are four main aspects of NPM: prescriptive, descriptive, theoretical and political. Moreover, the Organisation for Economic Co-operation and Development model that is based on empirical survey states eight factors:

- "1- Developing authority, providing flexibility;*
- 2- Ensuring performance, control and accountability;*
- 3- Developing competition and choice;*
- 4- Providing responsive service;*
- 5- Improving the management of human resources;*
- 6- Optimizing information technology;*
- 7- Improving the quality of regulation;*
- 8- Strengthening steering functions at the centre." (McCourt, 2003, p. 228)*

These factors assist in defining NPM. However, it is argued that there is lack of information regarding political factors and their role in NPM. It can be said that this application is in its early stages in developing

countries, especially the British version in some countries such as Singapore and Ghana (McCourt, 2003). However, there are reasons leading to a delay in NPM application relating to several elements of the organisational structure of government and prevailing political factors. Corruption is also one of the main elements that affect the success of the application of NPM in some developing countries (McCourt, 2003).

Moreover, the United State of America realised that its federal system needed reform of the management style for a number of reasons, such as taxpayers' requirements and a desire to increase efficiency. Therefore, the public sector authorities were improved by adopting private sector practices. These practices played crucial roles in improving managers' accountability, customer satisfaction and empowerment culture (Brignall and Modell, 2000; Box *et al.*, 2001; McCourt, 2003).

Also, it is argued that the ability and capability to achieve an organisation's strategy and, especially, the availability of a clear evaluation system that enhances the decision making process are the main issues that have an impact on performance development in the private sector. Therefore, many public organisations implement performance models and systems in order to enhance the performance in their organisation and make the required changes in strategy, structure and all aspect that relate to the concept of modernization (Ammons, 1996; Sotirakou and Zppou, 2006). Balanced scorecard, the EFQM excellence model and total quality management are some of specific methods that have been implemented successfully in private sectors and have been chosen by public sector organisations in order to raise the accountability, audit and develop performance measurement (Ammons, 1996; Sotirakou and Zppou, 2006). Examples of these private practices implemented in the public sector are discussed in section 2.3.5.

According to NPM practices from different countries, as discussed above, it can be said that the main motivation factors for this reform could be explained according to three factors. Firstly, the government alters its attention from inputs to outcomes. Secondly, there is clear aspiration from the government in many countries to reform the public sector by set performance measurement systems in order to improve the performance and become more effective and efficient. Thirdly, there is an increase in awareness regarding giving managers the opportunity to manage and audit their performance to meet client expectations (McCourt, 2003; Sotirakou and Zppou, 2006).

A number of criticisms have been made of the effectiveness of NPM in the past two decades when a large number of experiments were conducted to reform public management. These criticisms relate to different aspects. For example, Sincai and Monica (2008) clearly stated that poor infrastructure, environment degradation, and differences between the poor and the rich are the common weaknesses of NPM.

O'Flynn and Alford (2005) identified numerous weaknesses of NPM in their research. They stated that applying bureaucratic precursors in putting into practice NPM may create fundamental tensions and implementation challenges. Similarly, Entwistle and Martine (2005) declared that implementing NPM may be costly and not often deliver desired results if not properly applied. Furthermore, a public management approach including NPM can increase transaction costs of preparing, monitoring, controlling, and enforcing changes within the organisation (O'Flynn, 2007). Minogue (2000) reported that widespread literature on new public management, contracting, privatization, and market use resulted in reformation and downsizing of civil services, particularly in the United Kingdom.

Peters and his colleagues stated that many public sector reforms are ceremonial rather than objective (Hood and Peters, 2004). Moreover, many bureaucrats in government impede the change process that relates to reforming the public sector activities. It also links to the managers' behaviour and their interaction toward this reform (Bradley and Parker 2001).

Finally, there is a need for more investigation into the adoption of performance measurement systems as an aspect of NPM reforms. It is argued that the empirical research in this field is still lacking and there is a need for more study in order to understand the consequences that accompany the implementation of these systems in organisations as a result of the nature of public sector reforms which could be illusory and not effective in an organisation (Hood, 1995; Scapens, 1994). Thus, this is another gap supporting this research in order to enhance the understanding of the adoption of performance measurement systems.

2.4.2 Performance Measurement

Previously, the research explained the concept of NPM as a new notion intended to improve the effectiveness and efficiency of services provided by the public sector in many countries. This section discusses the nature of performance measurement as an aspect of NPM. In addition, there are number of reviews of literature in order to clarify studies on the implementation of MACH in the public sector. The attention given to performance measurement in the public sector has risen since World War 2 as a result of improvements in government roles in a number of countries such as the USA and UK. Those roles relate to the nature of accountability in governments'

activities which was suffering from a lack of a clear and efficient control system (Carter *et al.*, 1992).

Nowadays, consideration of the concept of performance measurement and systems is increasing in organisations from both the public and private sectors. It influences many activities and issues in organisations, such as developing decision-making and linking performance to strategy. In many countries, the governments realise the importance of measuring performance in their organisations and authorities and the measurement contains both financial and non-financial elements (Eccles, 1991; Fowler, 1999; Hopper, *et al.*, 2007; Jazayeri and Scapens, 2008). Therefore, it can be seen that many governments have adopted and adapted performance measurement systems and developed their information systems; for example, the UK, USA and Australia (Hood, 1995; Cavalluzzo and Ittner, 2004). Also, it is clear that organisations require flexible systems to employ accounting information effectively and implement useful performance measurement systems that control organisational activities, customer satisfaction and achieve a strategic plan (Fowler, 1999).

In addition, the lack of efficiency in financial measures led to the emergence of non-financial measures. These presented an alternative in management accounting research. Diffusion of accounting innovations (Hopper, *et al.*, 2007) and embedding and re-embedding accounting innovation (Jones and Dugdale, 2002) are examples of alternative management accounting research.

Public sector and not-for-profit organisations are giving more consideration to human resource performance. However, there are some challenges that can be observed from human resources measurement that relate to three main measures: functional, operational and strategic. Functional measures relate to turnover and employment costs, which can be called efficiency and effectiveness measures. Nevertheless, the measures that focus on productivity, such as revenue per employee, are called operational measures.

Strategic measures connect the current skills and capabilities to future needs. Thus, the challenges are placed on the integration between these three measures in different areas (Phillips, 1996; Macpherson, 2001). However, there are differences between the two concepts of performance measurement and performance indicators. Clarification of this issue is presented in the Key Performance Indicators section, 2.4.4.2.

Nevertheless, there are a number of criticisms surrounding performance measurement in the public sector. According to McKevitt and Lawton (1996) performance measurement is focused on service improvement which is far from providing legitimacy for organisation. Also, the following section explores management accounting change in the public sector literature in order to provide some insights about the main characteristics on MACH.

2.4.3 Characteristics from the Literature on Management Accounting Change

Across a number of studies that focus on MACH and the introduction of new performance measurement systems in the public sector, it is clear that the majority of studies focus on police services (Collier, 2001; Collier, 2006), health care (Covaleski *et al.*, 1993; Modell, 2001), education (Covaleski and Dirsmith, 1988) and city councils (Lapsley and Pallot, 2000) in different countries and most of the published literature focuses on Western countries, with the exception of one case study in South Africa and number of studies from Australia and New Zealand. However, this identifies a gap in literature regarding Eastern countries, especially countries in the Middle East. Thus, the current research focuses on this gap in order to increase understanding of NPM reform in this region.

Furthermore, there are a number of institutionalized factors that influence the introduction and implementation of MACH in the public sector. These factors could be a facilitator for successful

implementation or could be a barrier that leads to the failure of a new system implementation (Burns and Scapens, 2000). Some of these factors relate to the choosing of the system of performance measurement. Also, there are other factors have an impact on introducing the PMS in organisations (Gosselin, 1997). Moreover, many literatures explain the resistance to public sector reforms and change that emerge from different levels of the organisational environment from top level to operational level (Dent, 1991; Scapens and Roberts, 1993).

2.4.3.1 Power

Power has been discussed as an important factor and arises several times in the literature. It is useful to consider the definition of power that has been mentioned in literatures. Power could be described as the capability of individuals to apply their influence over others. Also, groups could apply power to have an impact on organisations (Buchanan and Bandham, 1999). In addition, Graetz *et al.* (2002) explained power by dividing it into two categories: formal power and personal power. There are four types of formal power: coercive, reward, legitimate and information power. It is useful to briefly explain these styles, beginning with coercive power which is related to the ability to use punishment if there are failures in implementing a practice and also related to the employees' beliefs regarding their leaders. Secondly, reward power could be described, to some extent, as the opposite of coercive power and it is related to the employees' beliefs that their leaders have the authority to control the rewards which could increase the chance of applying change. Thirdly, legitimate power is mainly based on the structural position that gives the leader an official authority to use the resources towards implementing change. Fourthly, information power is related to the capability of a person that has authority to use such information that could influence the change process (Graetz *et al.*, 2002).

On the other hand, personal power consists of three types of power and is mainly related to the individual personality without relating to structure within an organization. Also, it has a great impact on implementing change and dealing with the resistance that could occur when change is instigated. The three subdivisions are expert, referent and charismatic power. Firstly, expert power is related to a person's experience as a subject specialist and his skills regarding this subject. Secondly, referent power links to a person's characteristics that seek to mimic. Thirdly, charismatic power is related to the interpersonal style of a person that could inspire their employees and have the ability to lead under pressure and have a clear vision (Graetz *et al.*, 2002).

Examining the role of power is inherent in studying management accounting change (Pettigrew, 1985; Dawson, 1994; Askarany *et al.*, 2005). In this regard, accounting is an essential tool for management that allows managers to allocate organisational resources, as well as to subsequently distribute wealth. Therefore, introducing and implementing new management accounting techniques and practices is extremely important for those in power. Pettigrew (1973) and Jones (1985) declare that management accounting system is an element of an organisational information system that provides a power resource to managers. Similarly, Armstrong (1985) asserts that implementing new accounting techniques or change in management accounting systems entails inter-professional rivalry for major positions and control. He goes on to say that giving value and substantial powers to key financial experts within in the organisation for the purpose of introducing and implementing management accounting change allows authorities to effectively achieve an organisation's short-term goals and long-term objectives. Hence, the role of power is considered vital in studying management accounting change.

Also, power has been taken as a supportive factor for this change which is seen in the corresponding interest in improving

accountability at supervising and operational levels (Collier, 2001). Moreover, loose coupling has been focused on in this study and used as a link between activities. Therefore, power could be described as a facilitating factor for management accounting change rather than a barrier to this implementation (Collier, 2001; Hopper and Major, 2007). Also, it has been argued that the failure of change could be caused by many reasons, one reason being failure to establish a powerful competence coalition (Kotter, 1996).

According to Burns and Scapens (2000), there are several roles of power that influence the accounting change in organizations. Firstly, there is power related to the hierarchy which could facilitate or impede the change practice. Secondly, power of senior management is considered as another way in which power could affect the change programme, especially regarding the middle and micro levels (Burns and Scapens, 2000, Todnem, 2005).

Similarly, Modell (2001) in his study implemented NIS theory as a framework in order to investigate the reaction of senior managers to PMS. Norwegian health care was the case for Modell's study. He investigated the implementation of a new performance measurement system named Diagnosis-Related Groups-based. He found that this implementation of PMS was successful. It argued that there are two rationales influencing the performance measurement implementation in this case: legitimacy-seeking and efficiency-seeking. These rationales have an impact on facilitating this implementation and they were complementary in implementing the Diagnosis-Related Groups-based system. The PMS that was implemented was viewed as a replacement for the old PMS (Modell, 2001).

However, there is a limitation in the Modell study that relates to data resources. It focused on senior management and accounting experts and the findings were based on the views of those actors. Operational employees were not given any attention and were not involved in the investigation of the implementation of the Diagnosis-Related Groups-

based system as a PMS. However, the present research focuses on filling the gap regarding the involvement of the operational employees in the interview process in order to provide in-depth insights into the impact of management accounting change in organisations.

2.4.3.2 Leadership

According to several experts, leadership is vital in the accountant's activities (Robinson, 1999; Howieson, 2003). Podsakoff *et al.* (1990) believe that leadership qualities of management accountants are rooted in transformational leadership studies. This means that leadership has a strong relationship with professional identification, reputation and image of management accountants. Kim *et al.* (2012) from CIMA Global state that leadership quality which could be a key characteristic of management accountants may lead the organisation to bring about effective management accounting change. In addition, it may help accountants and professionals to benefit from potential opportunities of acquiring knowledge and success in their careers. Furthermore, the encouragement of exercising leadership at any management level will intensify management accounting change (Kim *et al.*, 2012). The Chartered Institute of Management Accountants (CIMA) as a professional accounting organisation is playing a vital role in strengthening leadership qualities of management accountants in relation to assisting organisations for management accounting change. However, for the aim of improving the management accounting change practices worldwide, the concerned professional bodies need to establish a unit that can assist managers to introduce, implement, and promote management accounting techniques at an advanced level (Islam and Kantor, 2005). In this way, management accountants can successfully preserve their leadership role in identifying, introducing and putting into practice optimistic changes in the management accounting field.

A study focused on the implementing of performance measurement in US government was published in the Government Performance and Results Act of 1993. This study investigated two issues that have an impact on the implementation of PMS: organisational factors and technical issues (Howieson, 2003). Regarding organisational factors, it was found that top management commitment, training and decision-making authority have a positive impact on the performance measurement system.

2.4.3.3 System

A number of experts highlight the importance of an effective system to bring accounting management change which will consequently reduce redundancy, normalize accounting procedures, and assimilate accounting information across all business units and subunits of the organisation (Williams and Seaman, 2002; Scapens and Jazayeri, 2003). Therefore, several businesses worldwide have sought to improve their accounting and general business operations by using advanced IT-based systems; for instance, Enterprise Resource Planning (ERP) systems (Scapens and Jazayeri, 2003). The importance of the influence of the ERP system on management accountants is concerned with the recognized achievement of the system implementation with dramatic management accounting changes (Grabski, *et al.*, 2009). In fact, the organisations that were not initially successful subsequently adopted the ERP system and found management accountants brought about effective management and accounting changes (Grabski, *et al.*, 2009). This indicates the role and importance of employing a premium system that will contribute to the success of the organisation. In addition, the adoption of an effective system will intensify the skills and abilities of management accountants.

Grabski *et al.* (2008) assert that implementing an optimum system such as ERP for change purpose is not easy and may involve several difficult steps and complicated processes. However, the involvement

of management accountants is essential with regards to the following: accessing timely information, increasing data quality, improving the decision making process, and successfully achieving desired results. Moreover, an effective implementation of the ERP system will result in positive changes in the routine tasks and processes of the management accountants. Thus, the management accountants have direct involvement in the decision making process for carrying out important management and accounting changes throughout the organisation; and systems like ERP support them and add value to their operations to achieve desired results (Scapens and Jazayeri, 2003).

Information system problems and difficulties selecting suitable performance systems have influenced PMS implementation. Nevertheless, it has been argued that the lack of ability of information systems, lack of decision-making authority, insufficient training in performance measurement systems, limited organisational commitment and difficulties selecting suitable performance systems impede the change and the implementation of PMS and development in organisations (Cavalluzzo and Ittner, 2004).

2.4.3.4 Culture

The idea of change in organisational culture in relation to accounting was introduced by Argyris and Kaplan (1994). They suggest three inherent processes to employ new strategies by prevailing over the barriers to change which exist at personal, departmental, and organisational levels. Each of these processes has implications regarding the delay that might be foreseen in the implementation of management accounting changes towards advancement. Subsequently, several other researchers also explored the role of culture in terms of management systems, including management accounting (Etemadi *et al.*, 2009). The results of these studies indicate and confirm the impact of culture on the rapport between management performance and motivation control systems (Chow *et*

al., 1991; Awasthi *et al.*, 1998; Tsui, 2001; Van der Stede and Wim, 2003; MacArthur, 2006).

It was also identified in these studies that people from dissimilar cultures respond differently towards accounting and management practices. For example, a study was conducted by Tsui (2001) to test the impact of culture on the managerial performance of Western and Chinese managers. The author found that Chinese managers did not respond optimistically to the process of management accounting change due to their different cultural background. In contrast to Chinese managers, Western managers responded quickly and positively to the change process.

Similarly, another research conducted by Frucot and Shearon (1991) illustrates parallel findings where the performance of Mexican managers was compared to the managers from other countries. Their study revealed that Mexican managers were ahead in implementing accounting and management changes during the budgeting process. Consequently, the organisational culture including the organisational environment has a deep impact on the performance of the managers, especially the managerial accountants (Harrison, 1992; Tsui, 2001). Therefore, it is natural to consider cultural differences when introducing and implementing management and accounting changes to avoid cultural barriers which exist at individual, organisational, and national levels.

A review of the literature on the subject of culture states that organisational change, including accounting change, has a significant impact on organizations' culture, such as attitudes and individuals' behaviour (Dent, 1991; Andon *et al.*, 2007). Also, it is important to take into account the role of organisational culture in the introduction and implementation of accounting change systems. In addition, the main reason for this is related to the successful understanding and controlling of the organisational culture which has positive influences, leading to an increase in the opportunities for successful change

programme implementation, including accounting change (Dent, 1991; Carnall, 2003). Furthermore, Hopper and Major (2007) found that culture had an influence on the adoption of the ABC system and these influences were located at different levels of the organisation

Collier (2001) investigated the introduction of financial management, called local financial management, in a police force in the UK. He used institutional theory, NIS in particular, as a theoretical framework in his study. He explained the nature and culture of policing and how they communicate between all organisational levels. This research stated that the introducing and implementation of local financial management in this case was successful as a result of the policing culture that was based on shared values.

2.4.3.4.1 Resistance

In relation to resistance to accounting change, it is essential to understand the background, contents, and the process of change (Scapens and Roberts, 1993). This means that it is an important practice for the management accountants to understand the entire process of change before trying to initiate it. Burns and Scapens (2000) responded to the question, 'Why is there resistance to accounting change?' They explained that the institutions within the organisation can function as barriers to accounting change because organisational members are sometimes not fully aware of the role of these institutions and therefore they are established unconsciously (Schein, 1992). For example, an innovative programme of accounting change can devise a new system of responsibility or assessment by interpreting the organisational members in harmony with present institutions. In this way, these institutions can shape the change process (Schein, 1992). This capability of institutions can lock the organisation into particular patterns and as a result, change is resisted and interpreted into existing norms and procedures.

Burns and Scapens (2000) also pointed out that resistance to accounting change can occur because of a clash between existing organisational values and the values entailed in the new change programme. In this regard, they described resistance as the reluctance to obey the rules and principles of a new change programme, either intentionally or due to the complexity of the change process. In many textbooks, the causes of resistance to accounting change in organisations are seen as an effect of a number of factors which include job variations, the requirement of a particular ability, decrease in financial stability, and psychological threats such as feeling of loss, nervousness, anxiety, or uncertainty (Dawson, 1994; Dent and Goldberg, 1999).

In addition, it was found (Dillard *et al.*, 2004; Hopper and Major, 2007) that resistance influenced the adoption of accounting systems and that it was located at different levels of the organisation. Also, it has been stated that resistance is expected in any change in organisation and it is important to understand organisational and historical circumstances (Scapens and Roberts, 1993; Andon *et al.*, 2007).

Resistance, as a logical reaction, to implementation of new management accounting systems is another factor from the cultural aspect that influences this process (Burns, 1999; Scapens and Roberts, 1993). It is argued that there are many reasons that lead to the emergence of the resistance to change process, such as fear of change and misunderstanding of the new system. Also, there are a number of studies that found some difficulties in understanding this resistance. However, it is suggested in the literature that a clear understanding of organisational, historical and contingent characters could facilitate the understanding of management accounting change implementation in organisations (Jones, 1985; Innes and Mitchell, 1991; Scapens and Roberts, 1993; Hardy, 1994; Dent and Goldberg, 1999; Krantz, 1999).

2.4.3.5 Change Agents and Professional groups

The term 'change' is very important for management accountants as they play significant roles as change agents. In fact, managerial accountants initiate and manage change throughout the organisation (Stagl, 2011). Zarowin (1997) asserts that new management accountants are the agents of change and much more. He further states that new management accountants must have excellent presentation, persuasion and interpersonal skills to become successful change agents.

Stagl (2011) described seven key roles of the change agent in accounting change: the detective, the advocate, the counselor, the facilitator, the mediator, the expert and the law. As a detective, a change agent is watchful and investigative, seeking evidence to identify resistance to change so that appropriate strategies can be adopted to eliminate barriers and bring about success. In playing the role of an advocate, change agents are vocal and determined, raising their voices in favor of management and accounting change. In this way, they involve more people in contributing to the initiative. Change occurs when people make modifications in their routine activities, conduct and approaches to work. Generally, people need to follow new principles to apply changes and for this they are required to step outside their comfort zones. In this regard, the role of change agents as counselors is to listen and motivate them and make them feel better for making compulsory adjustments

One of the major roles of change agents is to discover ways to assist organisational members to implement change. In this regard, a change agent acts like a facilitator who is creative and supportive in clarifying the transformations and making it possible for people to apply them. For this purpose, the agents design different forms, tools, systems and processes to guide accountants and other employees on how they can successfully implement change. As mediators, the change agents act like negotiators or arbitrators between

management and employees to avoid possible conflicts. In this way, they develop better understanding to minimize resistance to change. In order to support the change process, change agents must be expert in their field. They must be aware of the reactions against changes. Lastly, change agents must be aware of law for holding people accountable, awarding honest people and punishing people within the boundary of laws (Stagl, 2011).

The Institute of Management Accountants identifies that managerial accountants play the role of business analysts or internal consultants within and outside the organisations (Russell *et al.*, 1999). They work closely with customers in order to provide them with accurate information and also to assist them in the decision making process.

Management accountants in large organisations are actively involved in building professional groups where organisational members can contribute to the decision making process (Andon *et al.*, 2007). The professional groups are another factor in MACH, having an impact on the PMS implementation by understanding the nature and culture of an organisation in order to facilitate the implementation. Moreover, their techniques and strategies may be used by organisations to reduce the effect of the resistance to change. Consultants and change agents are examples of professional groups. In this research, the role of professional groups is investigated (Broadbent and Laughlin, 1998; Andon *et al.*, 2007).

2.4.3.6 Policy

Policies in terms of accounting change are very important as they maintain standardization across the organisation and are also significant in the auditing process. Normally, accounting principles in every organisation are very straightforward and general, but few companies have particular accounting policies in reporting earnings. In this case, policies must be cross-referenced in the appendix or footnotes of the profit and loss account and balance sheet. Bhattacharyya (2006) identifies two conditions where accounting policy can be changed: (1) when change is enforced by the supervisory accounting body, or (2) when findings and outcomes of a financial report are proved to be irrelevant or unreliable regarding causes and effects of the transactions, cash flows, financial performance or other events.

The impact of policy changes on accounting is important as it facilitates organisations to avoid the misuse of assets and also prevent losses (Hightower, 2008). A problem occurs in implementing change when an organisation is running its operations in different countries, especially in Europe and the USA. To overcome this problem, the International Accounting Standard Board (IASB) devised a new standard, namely the International Financial Reporting

Standard (IFRS), particularly to make European and American systems similar in terms of accounting. A number of firms that require policy changes have already adapted this system for generating financial reports. In multinational organisations and public firms, a particular department is solely accountable for initiating and implementing policy changes including accounting policies (Burns and Kaplan, 1987). However, it is an important and complicated process, so normally a Chief Financial Officer or Finance Director is directly involved in the change process and then this change is approved by the Executive Committee of Finance.

It is argued in the literature that policy could influence the implementation of PMS in the public sector (Laughlin and Broadbent, 1993; Collier, 2006; Hopper and Major, 2007). This statement has been seen clearly in the Laughlin and Broadbent (1993) case. The study focused on the impact of NHS policies instituted by political parties in the UK. It concentrated on legislative change and investigated the link between accounting and law, known as the “juridification process”, as well as considering how this process uses law to shape the behaviour of social systems. However, this legislative process affected some organisations and ignored others which led them to develop their own accounting system. In contrast, Collier (2006) found that an accounting system can be introduced to a social environment by bureaucratic means. He explained the implementation of an accounting system called Activity Based Costing in the police service in England and Wales. Also, Collier argued that policy can influence the policing performance negatively if a decision is made according to economic reasons, ignoring to other social reasons (Collier, 2006). However, as Collier mentioned, the police service in England and Wales was independent from government policies and there was a limitation regarding the effect of local policy in organisation with the policies from government, especially in the police service.

The following section presents some examples of performance measurement systems in the public sector. Also, there are examples of private sector performance measurement that are used in the public sector.

2.4.3.7 Communication

Communication plays important role in facilitating the implementation of management accounting change in organisations. In addition, effective internal and external communication is imperative in all business transactions with customers and merchants. The effective use of communication channels has a positive impact on successful implementation of accounting systems and reduces the rate of resistance that may occur during the implementation process. In contrast, the lack of communication channels can be a barrier and impede the implementation of the accounting system in organisations (Martins and de Toledo, 2000).

Good communication skills are largely important for accountants because accounting is an inherent part of any organisation. Accountants are usually responsible for sharing salient financial information throughout the organisation for the intention of bill payments, income generation, budget preparation, and updating the payroll system (Hirsch *et al.*, 1998). In this regard, Sunder and Yamaji (1999) described some common features of accounting communication such as comprehensibility, timeliness, relevance, cost effectiveness, availability, and completeness.

Communicating accounting information is important for all stakeholders whilst implementing change. For instance, it is inherent for managers as they require meaningful accounting data for making decisions or implementing reforms (Hirsch *et al.*, 1998). Investors require accounting information to determine the financial position of the company. The accounting information is passed to investors through financial statements and standard compiled reports (Ingram

and Frazier, 1980). It is also required for organisations to pass accounting information, following particular rules and principles properly, to government entities before and after implementing change. Governments usually require accounting and financial information in the form of annual tax returns for tax purposes. Communication with government entities to inform them about changes must be in formal writing (Hirsch *et al.*, 1998). Communication with banks is essential in terms of taking loans. Generally, banks are interested in acquiring information regarding cash flows, account payables, account receivables and the firm's liquidity. This information must be reported clearly to the bank, or a loan may not be granted to the firm (Ingram and Frazier, 1980).

The above-mentioned characteristics of management accounting change are summarised in table 2.2:

Table 2.2 – Summary of characteristics of management accounting change

Characteristic	Main Points	Reference
Power	Two types of power: formal power and personal power	Graetz <i>et al.</i> (2002)
	Role of power that influences accounting change	Armstrong (1985); Burns and Scapens (2000)
	Management Accounting System (MAS) as a power resource to managers	Pettigrew (1973); Jones (1985)
	Implementing a new system of performance (Diagnosis-Related Groups-based) in terms of NIS and PMS	Modell (2001)
Leadership	Importance of leadership for accountants' activities	Robinson (1999); Howieson (2003); Podsakoff <i>et al.</i> (1990)
	Role of leadership in leading effective management accounting change	Kim <i>et al.</i> (2012)
	Two obstacles in bringing defusing leadership: organisational factors and technical issues	Howieson (2003)
System	Advantages of having a system for change	Williams and Seaman (2002); Scapens and Jazayeri (2003);
	The role of ERP system on management accountants' activities	Scapens and Jazayeri (2003); Grabski <i>et al.</i> (2009)
	Difficulties in selecting suitable systems to implement PMS	Brignall and Modell (2000); Cavalluzzo and Ittner (2004)

Culture	The idea and role of organisational culture in relation to accounting change	Argyris and Kaplan (1994)
	The impact of culture in establishing a relationship between management performance and motivation control systems	Awasthi <i>et al.</i> (1998); Van der Stede & Wim (2003); MacArthur (2006)
	Responses of people from diverse cultures towards accounting and management practices	Tsui (2001)
	Role of culture in terms of NIS	Collier (2001)
Resistance	Importance of understanding background, contents, and the process of change	Scapens and Roberts (1993);
	Salient causes of resistance: institutional barriers, conflict between existing and new organisational practice	Schein (1992); Burns and Scapens (2000)
	Common causes of resistance to change: job variations, particular ability requirement, diminishing financial stability and psychological threats	Dawson (1994); Dent and Goldberg (1999)
Change Agents and Professional Groups	Management accountants as business analysts and internal consultants in building professional groups	Russell <i>et al.</i> (1999);
	Management accountants as change agents	Zarowin (1997)
	Seven key roles of change agents: detective, the advocate, the counselor, the facilitator, the mediator, the expert, the law	Stagl (2011)
	Impact of professional groups on PMS implementation	Broadbent & Laughlin (1998); Andon <i>et al.</i> (2007)
Policy	Two conditions where accounting policy can be changed: change is enforced by the supervisory accounting body, or results of a financial report are proved to be irrelevant or unreliable	Bhattacharyya (2006)
	International Financial Reporting Standard (IFRS) as a standard for policy changes	
	Impact of policy changes on PMS implementation	Laughlin & Broadbent (1993); Collier (2006); Hopper and Major (2007)
Communication	Common features of accounting communication in terms of change: comprehensibility, timeliness, relevance, cost effectiveness, availability and completeness.	Sunder and Yamaji (1999)
	Importance of communication for stakeholders such as management, government, investors and banks	Ingram and Frazier (1980); Hirsch <i>et al.</i> (1998)
	Importance of communication in terms of accounting change	Martins and de Toledo (2000)

2.4.4 Main Accounting Approaches

After World War II, management accounting practices and innovations from the US began to be diffused in European countries. Also, North America witnessed an adoption of some of these practices in the 1990s; for example, Total Quality Management and Balanced Scorecard (Cooper, 1990; Lin and Yu, 2002).

There are number of management accounting practices that have been implemented in the public sector in many countries, such as best value and key performance indicators. These two practices are presented below.

2.4.4.1 Best Value

Best Value (BV) was introduced by the government in 1997 in the UK as a policy to reform and modernize public services. It replaced Compulsory Competitive Tendering (CCT). Moreover, there are a number of differences between BV and CCT. In BV, the framework is applied to all local authorities, highlighting the importance of concentrating on improving service quality and cost savings and there is a clear inspection system for all local authorities. On the other hand, the CCT is implemented on some defined activities, focusing on reducing the costs of services with unclear attention on quality of service and lacking an inspection function (Benington, 2000; Martin, 2000; Bovaird and Halachmi, 2001; Sheffield and Coleshill, 2001; Magd and Curry, 2003).

The approved definition of the nature of change that was required of local authorities in the UK faced some delay in publishing. It was eventually published in a White Paper in 1999. Subsequently, in 2000, the BV framework was launched in regions after reaching an approved agreement regarding the nature of changes in public services. BV focuses on improving and maintaining quality in public services. Also, it is argued that BV can be a goal itself. For example,

the reasons behind the decision about acquisition in commercial and negotiation which is to obtain best value (Sheffield and Coleshill, 2001; Magd and Curry, 2003).

Lloyd (2011) from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the Best Value Accounting Code of Practice (BVACOP) was developed for organisations to bring together the changing needs of accounting and reporting structures all around the world. However, this accounting code facilitates stakeholders in terms of financial reporting and does not support Statement of Accounts. In the UK, Statement of Accounts is substantially supported by the Code of Practice on Local Authority Accounting (CPLAA). The BVACOP was established from a number of beliefs in the statement of principles. Some of the major principles are described below:

1. The BVACOP should be adopted and exercised appropriately in accounting practices.
2. The statistical, financial, and performance-based reporting must be synchronized. In addition, accounting information should be properly incorporated in individual Performance Indicators, Best Value Performance Plans, and Statement of Accounts.
3. The total cost should be consistent with the framework of financial accounting developed by the Statement of Recommended Practice (SORP). The total cost must be take account of all imperative service charges and capital expenditures.
4. Total costs will be reported in segmental reporting. The service segments must be defined at the least possible level, with the aim of making them more flexible for a number of uses.

Moreover, BV is encouraging local authorities to enhance continuous improvement by implementing a useful performance measurement system. This point is supported by NPM which conducted performance

measurement as a core aspect of this concept (Magd and Curry, 2003). The discussion of BV leads this research to consider the role of audit commission in controlling and auditing performance in the public sector. The next section briefly explains the establishment and concept of audit commission.

2.4.4.1.1 Audit commission

The concept of audit commission was suggested in 1940 by the New York Stock Exchange and in the 1970s they increased awareness of this concept leading it to becoming a necessity rather than a fashionable idea. Also, it became a tool to improve accuracy and control financial reports. However, in the 1970s there was no clear attention from public sector organisations with regard to adopting the concept of audit commission. In the 1980s, public organisations in number of countries began to get involved in this concept; for example, in the USA, UK, Canada, Australia, South Africa and Malaysia (Vanasco, 1994).

In the UK, the audit commission was established in 1982 by the Local Government Finance Act. Also, in 1987, many public organisations and private companies adopted this concept. Moreover, there were responsibilities appointed to audit committees, such as setting recommendations, reviewing internal and external audit programs, reassessing organizations' internal statements, conducting value-for-money assessments and auditing local and national authorities to provide performance statistics. Furthermore, the audit commission played a significant role in controlling local government authorities to achieve the performance indicators that were set by government in order to accept budget reductions and managerial aspects. The performance indicators required by the audit commission were as follows: national performance indicators, local performance indicators, quality of life indicators and value-for-money indicators (Vanasco, 1994; Bowerman and Hawksworth, 1999; Audit Commission website).

The above consideration of the audit commission and its main indicators raises the importance of explaining the key performance indicators, an issue which will be discussed briefly in the next section.

2.4.4.2 Key Performance Indicators (KPI)

In the UK, the first clear attention given to performance indicators occurred in the Thatcher era, beginning in the 1980s. It became a subject and a major part of financial management initiatives (Houghton, 1997).

The definition of 'performance indicators' is different to that of performance measures. According to Carter (1991), performance indicators highlight the issues and explain the quality of performance. It is argued that performance indicators can be called as an appropriate description. In contrast, performance measures refer to performance that can be calculated directly (Jackson, 1988; Carter, 1991) Also, there are three kinds of indicators. Firstly, facts of life, which focus on the amount that should be increased in order to make sure an organisation, can survive. Secondly, planning and budget numbers, which concentrate on comparison in order to improve organisational issues. Thirdly, arbitrary numerical targets, which focus on subjective aspects and are usually used to measure and evaluate the employees' performance (Macpherson, 2001).

The identification of Key Performance Indicators (KPI) is vital in evaluating the performance of businesses in order to implement change in an effective manner. To successfully achieve the utmost efficiency and efficacy, many organisations use a number of tools to identify KPIs and to obtain instant feedback on operating performance in all areas of concern. In contrast, some organisations fail to obtain desired results as they spend most of their time in collecting information instead of doing something practically. Etemadi *et al.* (2009) reported that many organisations failed to implement change

because their managers either did not identify KPIs properly or they did not utilize accounting information correctly.

A combination of management account review and KPIs develops the finest performance indicators using well-organised reporting procedures, which consequently help organisations to recognise irregularities and inefficiencies within the organisation. Needles *et al.* (2010) assert that KPIs can assist businesses to introduce and implement change in accounting systems, security systems, financial systems, service/product delivery systems and, in fact, in each operational activity of the firm. Furthermore, they can help to measure Return on Investment (ROIs) and also to improve data analysis procedures. In short, KPIs can facilitate enterprises to enhance productivity and performance by handling all real time activities of the business (Drury, 2007).

It is argued that power has a great impact on performance indicators. It affects performance evaluation by facilitating or impeding the implementation and achievement of performance indicators. Thus, these indicators should be designed to be more realistic, not ambiguous and relevant to the nature of tasks. There is an example in the police services regarding the impact of a number of performance indicators. In the UK police services there are over 400 indicators to be achieved, which creates confusion for police managers when dealing with statistics. Therefore, performance is complicated and unclear when it comes to evaluation (Carter, 1991; Houghton, 1997).

Nevertheless, in terms of designing and selecting the ideal performance indicators, a number of aspects should be considered. The performance indicators should concentrate on clarity, comprehensiveness, relevance, consistency, controllability, be bounded, feasibility, contingency and comparability (Jackson, 1988; Carter, 1991). Also, performance indicators can lose their influence on both private and public organisations by having too many indicators.

Moreover, this issue may have an impact on organizations' performance by missing concentration on the main aims and focusing instead on the indicator as a goal in itself (Sotirakou and Zppou, 2006).

There are number of barriers that influence the development of performance indicators. The people who are responsible for achieving these measures are frightened of being accountable to managers; thus, fear is one of these barriers. Moreover, variation between some indicators can be considered as a barrier that affects this development. Also, publishing of the indicators may have a negative impact, especially when a difference in opinions occurs as a result of different perceptions. Furthermore, inclination, as a barrier, appear sat the start of the development of ideal indicators for the first time (Macpherson, 2001).

2.4.5 Private Sector Performance Measurements used by Public Sector

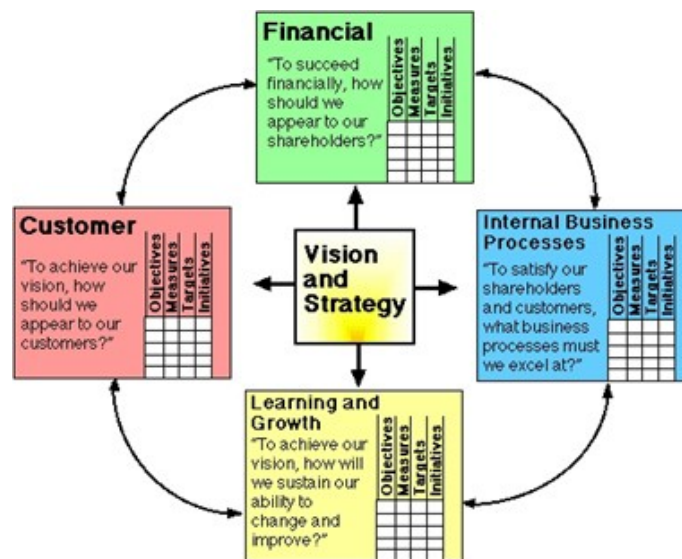
There are several tools that can be used to measure the quality and performance of any organisation in order to determine its improvement level. Some of these practices have been adopted by the public sector; for instance, Balanced Scorecard (BSC), European Foundation for Quality Management (EFQM) and Total Quality Management (TQM). BSC and the EFQM Business Excellence Model are the two popular tools that usually help organisations to identify particular areas of concern where an organisation is not currently doing well and thus requires change. The concept and goals of both tools are common, to some extent.

2.4.5.1 Balanced Scorecard

Performance measurement has two aspects: financial and non-financial. This research focuses on non-financial performance measures. Nowadays, many organisations in both private and public

sectors are giving more attention to non-financial performance measures. Also, many organisations realise the importance of non-financial performance measures when measuring performance in order to control and improve it (Eccles, 1991; Burns, *et al.*, 2003). Moreover, many studies have mentioned non-financial practices and the most familiar system is BSC (Eccles, 1991; Jazayeri and Scapens, 2008). BSC is used in several ways in an organisation. Some organisations focus on its perspective individually and other organisations give clear attention to the recognition of cause-and-effect relationships. Also, there is third kind of organisation that uses BSC as a strategic management method (Jazayeri and Scapens, 2008). In other words, Kaplan and Norton (2001) explained the possibilities of translating the strategies to become operational activities that are organised by a strategy map. Moreover, BSC is known as a top-down approach, a result of its nature that relates to the important role of top managers in planning and improving the strategic plan for the organisation which contains the main indicators and the suitable type of communication to deliver those perspectives to operational levels (Kaplan and Norton, 2001).

Figure 2.2 - The Balanced Scorecard



Source: Kaplan and Norton (1996b)

Also, it establishes strong relations between an organisation's vision and strategies with its short-term action and performance (Kaplan and Norton, 2001; Jazayeri and Scapens, 2008). Kaplan and Norton published the BSC which illustrated in Figure 2.2. It was implemented in many companies and it identified the link between performance and a strategy map. Then it was developed to become a strategic management process rather than performance measurement only (Kaplan and Norton, 1996b; Kaplan and Norton, 2001).

Furthermore, the main aim of BSC is to explain the organisation's vision and strategy in measurable objectives. This explanation lies within the management aspect. It is argued that BSC has paid little attention to transparency, citizen participation and trust. Therefore, there are a number of research studies that have focused on these dimensions (Sotirakou and Zppou, 2006).

However, there are some criticisms of BSC that are presented in the literature. The cause-and-effect relationships are unclear between different perspectives. This point leads to another critique that relates to the events, which should be rational and logical (Jazayeri and

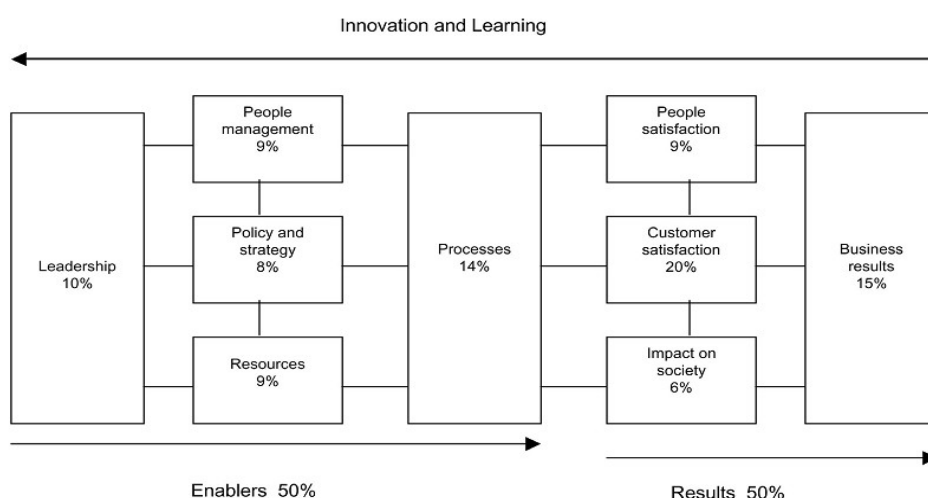
Scapens, 2008). Also, according to Norreklit (2000), the cause-and-effects concept is different to finality relationships. The first concept concentrates on the nature of the relation between perspectives, which is an empirical relation. However, finality relates to the actions that are chosen to reach a specific outcome.

2.4.5.2 European Foundation for Quality Management (EFQM)

The EFQM Excellence Model was founded in 1988 in Europe by 14 leading European companies. It was supported by the European commission. It focused on improving the quality of services and products. Also, it included self-assessment which subsequently led to the emergence of the awards concept. In 2009, the European Quality Award and United Kingdom Quality Award were established. The EFQM Excellence Model claims to understand the performance in organisations and clarify the strength and opportunities in order to achieve high improvement. Also, the foundation of the EFQM Excellence Model is the standard of total quality management (TQM), which be discussed next section. It is based on nine main criteria, namely: leadership, people management, policy and strategy, resources, processes, people satisfaction, customer satisfaction, impact on society and business results. The criteria are divided into two groups; 'enablers', comprising five criteria and 'result', comprising the remaining criteria (Figure, 2.3) (Wongrassamee, *et al.*, 2003). Moreover, in 2007, the Abu Dhabi Local government introduced the EFQM concept in its authorities and created awards for authorities that implemented this model and provided evidence for its implementation (ADEC, 2007)

Moreover, there are a number of points shared between the EFQM Excellence Model and BSC. For example, there are no clear methods for successful implementation in organisations and the specific goals for performance levels are not mentioned. Also, they are both non-prescriptive models (Wongrassamee, *et al.*, 2003).

Figure 2.3 – European Foundation for Quality Management



Source: Wongrassamee, et al. (2003, p. 16)

However, there is a criticism about the EFQM Excellence Model which related to the number of dimensions, for example; trust, transparency, citizen participation, learning and innovation and meritocracy. Nevertheless, the learning and innovation dimension has been given more attention by BSC as a measurement model (Sotirakou and Zppou, 2006).

Both BSC and EFQM are considered as behaviour assessment tools which are based on cause and effect relationship with the primary aim of improving organisational behaviour and performance. But in fact, these tools are different in terms of their background and the way they are developed using dissimilar processes. The five key questions concerning organisational performance and quality-based models were raised in a research paper written by Otley (1999). These questions are closely related to the key issues concerned with management accounting practice and modern management. In the following table, BSC and EFQM excellence models are compared with each other on the basis of five questions asked by Otley about organisational performance.

Table 2.3 – Comparison between EFQM and BSC

Questions	EFQM	Balanced Scorecard
Objectives	<ul style="list-style-type: none"> ○ Assisting management to implement changes on the basis of underlying principles of TQM – enhancing decision making power and managerial competencies using nine values 	<ul style="list-style-type: none"> ○ Aim to improve performance of the organisation by justifying behaviours with organisational strategy
Plans and strategies	<ul style="list-style-type: none"> ○ No direct recommendation to choose a particular plan or strategy for the improvement ○ Assist businesses to identify particular areas of concern for assessment through EFQM 	<ul style="list-style-type: none"> ○ Direct recommendations to choose a particular plan or strategy in four aspects of BSC
Targets	<ul style="list-style-type: none"> ○ Targets are based on a particular situation 	<ul style="list-style-type: none"> ○ Targets are based on cause and effect relationship
Rewards	<ul style="list-style-type: none"> ○ Rewards were given attention in 1999 as a part of assessment 	<ul style="list-style-type: none"> ○ Rewards and assessments must be adapted
Feedback	<ul style="list-style-type: none"> ○ Feedback is a vital part of EFQM 	<ul style="list-style-type: none"> ○ Obvious need in the learning process

Source: Jalaliyoon et al. (2011, p. 174)

2.4.5.3 Total Quality Management (TQM)

TQM was adopted as a philosophy in Japanese companies before the 1980s. Then, in the 1980s, many private companies in the USA began to give attention to TQM as a model for increasing and maintaining quality in services and products. Also, the customers' satisfaction became one of organizations' main aims. Hewlett-Packard was the first company in the USA to conduct this model and it made a significant change to their poor quality of products, leading to them becoming a very successful company in its field. As a result, many companies had been struggling to implement this model until they realised the impact it could have in the field of industry. (Martins and de Toledo, 2000; Talha, 2004)

TQM can be explained as a model that assists the organisation to organize and control activities in all aspects and levels of the organisation in order to provide best quality for products and services. Also, it focuses on organisational culture by encouraging employees to achieve the quality that leads to customer satisfaction. Moreover, the model links quality to the organisation's aims at the strategic level by setting quality indicators which guide the performance to achieve the strategic plan.

However, there are a number of reasons that lead to the failure of implementing a TQM programme. Leadership can be one of the reasons that causes failure of a TQM programme, especially in the case of managers who resist the change and reject the concept of maintaining the implementation of this model (Martins and de Toledo, 2000; Hayes, 2010). Communication plays an important role in facilitating the implementation of TQM, thus the lack of communication channels can be a barrier to implementing the model in organisations. Also, as mentioned above, performance indicators have significant role in achieving the desired quality in an organisation; however, they can cause the failure of this model by using poor performance measurement systems that cannot provide accurate information. Some organisations in both public and private sectors conduct the TQM model as a fashion in order to market their image without giving attention to the core of this model which is providing information about income, process outcome and results. Furthermore, focusing on improving the internal process ignores the critical process and focusing on the easy and clear process (Martins and de Toledo, 2000).

On the basis of the above discussion, it can be said that implementing TQM in the accounting field is a stirring challenge for financial and management accountants (Bradley *et al.*, 1995). This innovative idea should not be followed in line with traditional accounting and reporting standards of dealing with underlying assets,

periodic and unit budgets, profits, controllable and non-controllable expenditures, and so forth. Today, management accountants help large enterprises to develop ways to transform traditional accounting systems in quality systems using the TQM technique. It is believed that the “Accounting for Quality” concept using TQM or other techniques will have a strong influence on the accounting profession in the future, especially in reporting profits, costs and expenses of organisations (Bradley *et al.*, 1995).

2.5 Conclusion

This chapter demonstrates that the change process is a complex process in both public and private sectors. Also, the concept of management accounting change has been investigated and the circumstances that surround organisational change have the same effect on MACH. With respect to research on management accounting change, there is still a need for further studies that investigate the change process in the public sector. Moreover, this research placed emphasis on two aspects that were discussed by Hopwood, (1987): the elements that force accounting to become an option and the events that accompany accounting implementation and diffusion in organisations. The reasons for choosing these aspects were explained. Moreover, three main phases for accounting change were explored with examples. Then, the perspectives on management accounting change that were implemented in this research case study and the reasons for conducting the case study using those perspectives were investigated. Insights into internal and external changes that are located in organisational environment and influence organisations were also clarified.

After that, discussion of management accounting change in the public sector was presented, including consideration of the concept and emergence of NPM. Also, the concept of performance measurement and examples of factors that influence performance measurement systems in the public sector were investigated. Some characteristics from the literature on management accounting change were considered. Finally, examples of management accounting approaches that have been implemented in the public sector were discussed.

It can be concluded from the review of the literature in management accounting change that there are a number of critical factors that should be considered when organisations plan to introduce and implement accounting change systems: power, leadership, culture including resistance, system, professional groups including agents, policy and communication. These factors are investigated in the case study in order to evaluate their role in accounting change implementation.

The next section provides an overview on the theoretical frameworks in management accounting change and the selected framework that is adopted in this research, along with justifications for the choice.

Chapter 3: Theoretical Framework

3.1 Introduction

The previous chapter provided a definition of management accounting change and a discussion of the main literature in the field of management accounting change, including a consideration of the significant factors that influence the introduction of management accounting systems in the public sector organisations.

This chapter provides an overview of the perspective of this research. Then, the second section explains the concept of institutional theory and includes an explanation of the other main theories. Old institutional economics (OIE) is investigated and its philosophical aspects are related to the main framework in this approach. Also, there is an explanation of alternative approaches to institutional theory, these being neoclassical economics (NCE) and new institutional economics (NIE).

Subsequently, the third section presents the theoretical framework that was adopted in this research, based on new institutional sociology (NIS). New institutional sociology (NIS), which is the result of a combination of structuration theory and the old institutional economics (OIE) perspective, is considered appropriate for organisations of all kinds, whether public or private (Dillard *et al.*, 2004). The fourth section presents NIS as the theoretical framework of the current research and the framework selected to gather and analyse the data for this study. Finally, the framework is explained and its choice justified in the fifth section.

3.2 Research Perspective

This research is concerned with accounting change in its social context. Thus, an interpretive perspective is appropriate (Baxter and

Chua, 2003). This perspective is linked to reality as an epistemological position, where reality is related to the objective facts that influence subjective meanings. Indeed, accounting has an impact on reality, something which can be observed in the use of accounting information. Therefore, accounting can be seen as one aspect of change in organisations from a social viewpoint (Hopwood, 1983; Hopper and Powell, 1985).

It can be argued that an interpretive perspective is appropriate for public sector studies, especially for issues related to factors such as the influence of stakeholders, ambiguous targets and unclear goals (Covaleski *et al.*, 1996). This point supports the adoption in this research of an interpretive perspective, a decision which is discussed further in the Methodology chapter.

3.3 Institutional Theory

Institutional theory is concerned with social rules. It is argued that the majority of alternative management accounting researchers are affected by the institutionalism of organisational theory and sociology (Baxter and Chua, 2003). Thus, the proponents of this strand of theory state that: *“the form that management accounting practices assume is influenced by the complexities of these multiple constructions of the environment and the expectations that they convey”* (Baxter and Chuam, 2003, p.100).

According to Dillard *et al.* (2004, p. 508), *“Institutional theory is a way of thinking about formal organisation structures and the nature of the historically grounded social processes through which these structures develop”*. It is also argued that institutional theory serves to clarify the effects of power within an organisation and to increase among its members an awareness of trans-organisational processes (Collier, 2001). Institutional theory, which is suitable for all forms of organisation, focuses on the formal organisational structure and emphasizes the accompanying social processes. It is also concerned

with the institutional environment and how an organisation deals with the social opportunities that affect it. Therefore, in order to survive, an organisation should understand its environment and recognize the elements of that environment (Dillard *et al.*, 2004).

Moreover, institutional theory supposes that beliefs, values and unquestioned assumptions will control people in their social environments (Dillard *et al.*, 2004). According to Abernethy and Chua (1996) and Dillard *et al.* (2004), institutional theory is concerned with institutionalization as an outcome, which relates to organisational practices.

In institution theory, there are two main approaches, old institutional economics and new institutional sociology, as well as some alternative approaches. The following section will discuss OIE, before examining alternative approaches. Finally, there will be an exposition of NIS as the theoretical framework chosen for this research.

3.3.1 Old Institutional Economics

Research into OIE is concerned with the concept of change as a rational process, while the NIS perspective, which is an approach to research in management accounting change that became known in 1980, focuses on the choice of management accounting systems according to the need to become institutionalized. In other words, the processes of rational choice are not very appropriate in this perspective (Burns and Scapens, 2000; Hopper *et al.*, 2007).

Old institutional economics focuses on the relation between institutions and individuals' behaviour and actions, explaining the role of social standards on both individuals and organisations. Moreover, authors in this school of thought concentrate on providing explanations of social reality, assuming that individual and social standards are both capable of being altered and confirming the effect of each element on the other. For example, a change in individual

actions could lead to a change in social standards and norms, with which later individual actions would then comply (Dugger, 1990; Johnson, 1996; Hodgson, 1998).

Authors in the OIE tradition have preferred the concept of institutions in their studies, because the institutional features of permanence are stable for longer periods than in individuals. It can be added that institutions have the potential to affect behaviour directly (Dugger, 1990; Hodgson, 1998). In term of values, OIE authors implement a value-driven process of analysis. In other words, value-free analysis is unacceptable in this school of thought (Klien, 1993).

OIE authors also mainly take a holistic approach to institutional analysis. The holistic method has political and sociological aspects (Hodgson, 1993). These authors see social standards as undergoing a process of change. Therefore, they apply a holistic approach in order to gain a clear understanding of different elements that relate to social standards, such as conflict and power. This approach increases the limit of explanation of how social standards within the system influence the individual. This view supports the core concept of this school, which is to pay very little attention to individuals themselves. It also supports the choice of the case study as the main approach to institutional analysis within this school (Atkinson and Oleson, 1996; Hodgson, 1998). According to Dugger and Sherman (1994), authors adopting this approach should understand certain factors when analysing an organisation and this will lead to a clear interpretation. It will also assist in the investigation of other factors and the formation of hypotheses, which will increase the credibility of the analysis.

Scapens (1994) is one of the main authors in the OIE tradition and developed a framework that interprets the institutionalization of organisations. This framework was reviewed and enhanced by Burns and Scapens (2000), becoming more comprehensive, especially in explaining the change process in organisations and taking a mainly evolutionary perspective on change (Burns and Scapens, 2000).

Burns and Scapens (2000) developed a framework, shown in Figure 2, adapted from Barley and Tolbert (1997). According to Burns and Scapens (2000), there is a distinction between two levels—the institutional realm and the realm of action—which are linked by the transformation of rules and routines. In the institutional realm, the process of change takes more time than the equivalent process in the realm of action.

Figure 3.1 - The process of institutionalization

Source: Burns and Scapens (2000, p.9)

There are four steps in the process of institutionalization: encoding, enacting, reproduction and institutionalization itself. The encoding process, denoted by the arrows marked 'a', occurs when the institutional principles apply in the organisation and become accepted as routines, which outline new rules. This process also describes the unquestioned assumptions; for instance, introducing a new accounting system such as the balanced scorecard. The selection of new rules or new accounting systems is influenced by several factors and may be in response to a rational need for organisation. Such systems may also be chosen according to criteria that have an impact on the type of system. Moreover, the selection of accounting systems is affected internally by accountants and externally by consultants (Burns and Scapens, 2000).

Next, arrow 'b' explains the enacting process that involves putting the rules and routines into operation. Some resistance may be encountered, but usually the actors have sufficient power to achieve this process. Resistance may, for example, arise from a discrepancy between old and new rules, where some members of the organisation ignore the new ones and maintain those rules which formerly applied. Members may also vary in their ability to adapt to new regulations, which may in some cases involve the burden of adaptation to new

daily routines. Alternatively, some may apply personal interpretations in an attempt to combine old and new rules. Finally, resistance may occur as a result of lack of knowledge of how the system should be implemented. It should be noted that while the new rules have not yet become routines, members of the organisation will need to make an effort to facilitate the integration and application of the new system so that it does eventually become a routine procedure (Burns and Scapens, 2000).

In case of resistance, the essential role of power is highlighted, especially in the imposition of new rules and ensuring implementation in the organisation. Hierarchical power also plays an important role in the implementation of the new rules that it imposes, both in terms of the power of senior management to accept change in the rules and to facilitate their observance at the middle and micro levels (Jones, 1985; Burns and Scapens, 2000). However, it is argued that using hierarchical power alone could limit the success of introducing the new rules. It might have a negative effect on the change process, leading to a failure of implementation. Therefore, other actors and resources should be taken into account in the enacting process. This will also reduce the effect of resistance from members and increase their awareness of the need for new rules or systems (Hardy, 1994; Burnes, 1996; Dent and Goldberg, 1999; Burns and Scapens, 2000). Moreover, the existing values that are held by the employees in the organization have an impact on management accounting change; however, these values could be considered as challenges that face the successful implementation of accounting change (Innes and Mitchell, 1991; Burns, 1999; Burns and Scapens, 2000).

The third process is the reproduction of routines for change in the organisation, either consciously or unconsciously, as indicated by the arrows marked 'c' in Figure 2. This process results either in an existing routine or in a new routine that is different from the previous one. There are several factors affecting the quality of the reproduction of

these routines, all of which are related to the desire of the members of the organisation to change the style of the routines in order to make them more appropriate to the nature of the organisation's everyday work. The nature of a routine may also be related to the quality of resources combined with this process, which leads to a change in the quality of the new routine (Burns and Scapens, 2000).

The above statements explain the role of routines in organisations and how they influence and are influenced by different actors. Indeed, routine is the core concept of the Burns and Scapens (2000) framework. Therefore, it is important to explain the nature of routine and the difference between routine and habits. According to the Longman Dictionary of Contemporary English (p.1436), routine is "*the usual order in which you do things, or the things you regularly do*", while habit is defined as "*something that you do regularly or usually, often without thinking about it because you have done it so many times before*".

At first sight, routine is similar to habit, but a routine usually involves the members of a group doing the same action at a specific time and place, such as when employees of a manufacturing company produce goods using the same machines in identical steps. In contrast, a habit usually concerns a single individual performing a specific exercise without thinking (Burns and Scapens, 2000).

The concept of routine has long been associated with accounting. However, the nature of this association has changed over time and according to the circumstances of each era. In the past, accounting routines were related only to budgets and annual reports; they neither strongly influenced the heart of the organisation nor played a significant role in decision making. Furthermore, accounting, as a routine, was concerned only with the accountants themselves and did not involve other actors in the organisation (Burns and Scapens, 2000). Senior management did not take into effective consideration any advice from accountants and this resulted in the image of

accountants as mere bookkeepers. Today, by contrast, the nature of accounting routines has changed significantly, so that accountants have become important actors in the development of organisations. Indeed, accounting routines play a vital role in introducing new systems and improving performance. They also affect the behaviour of employees by measuring their performance and improving it in collaboration with other routines within organisations. Eventually, accounting routines become institutionalized when their use within the organisation is taken for granted (Burns and Scapens, 2000).

The arrows labeled 'd' represent the final process of the OIE framework: the institutionalization of the reproduced routines. In this process, the routines become accepted as usual practice within the organisation and will normally be realised in the form of activities. Furthermore, at this stage, the routines will create new rules, so that the whole process becomes a continuously iterative series of actions, as shown by the duplication of the pattern of arrows in Figure 2. It is also important to note that a number of elements will be affected by this process: values, behaviour and power (Burns and Scapens, 2000; Dillard *et al.*, 2004; Hopper *et al.*, 2007).

Rules may also be described as a formal report of measures which are able to change separately from time to time. They thus differ from routines, which are the real activities and processes that are applied and which are continually repeated. Rules can constitute a new system of accounting that is implemented within the organisation, while routines are the actual use of the manual of the new system (Burns and Scapens, 2000; Hopper *et al.*, 2007).

According to OIE researchers, there are three kinds of change process in MACH, each characterized by a dichotomy: formal and informal; revolutionary and evolutionary; regressive and progressive. First, formal change occurs when a new design has been introduced and observed in the organisation, which may need new ways of thinking in order to implement it successfully. On the other hand, informal

change appears when new actions are implemented tacitly, such as in new routines. Secondly, revolutionary change occurs when there is a fundamental disruption to the current rules and routines that are applied in different organisations. Significantly, it is not related to any specific system of change and it may have a fundamental impact on current organisational routines. In contrast, evolutionary change occurs with only slight disruption to current rules and routines. Before considering regressive and progressive change in detail, it is necessary to explain two kinds of behaviour that occur in the regressive and progressive change processes (Burns and Scapens, 2000; Hopper *et al.*, 2007).

Burns and Scapens (2000, p.20) state that

“Ceremonial behaviour emerges from a value system which discriminates between human beings and preserves existing power structures, whereas instrumental behaviour emerges from a value system which applies the best available knowledge and technology to problems and seeks to enhance relationships”.

As mentioned above, ceremonial aspects of institutionalized routines are related to behaviour that lacks real value but which influences individuals and groups within the organisation. They can also be described as a repetition of previous actions, keeping the organisation at the same level of performance rather than dealing with challenges in the environment. For example, a number of organisations have introduced new managerial systems as a matter of prestige, with no concern for the core advantages of implementing them and without analysing the value that may be gained from doing so (Burns and Scapens, 2000; Hopper *et al.*, 2007).

On the other hand, instrumental behaviour focuses on developing the values of the organisation and sometimes seeks to add value for the social community. This kind of accounting routine has a significant

impact on the organisation in the short and long term, influencing the improvement of performance and altering the behaviour of individuals and groups. Moreover, it concentrates on logical use of information in decision making, rather than taking it for granted, which is the fundamental flaw of ceremonial behaviour (Burns and Scapens, 2000; Hopper *et al.*, 2007). Thus, regressive change can be seen to relate to ceremonial behaviour, whereas the progressive type relates to instrumental behaviour (Burns and Scapens, 2000; Hopper *et al.*, 2007).

It is argued that factors such as culture and norms should receive careful attention during the adoption of new practices. According to this view, NIS is a suitable approach for both formal and informal organisational structures and for both private and public organisations. It also takes account of both institutional and competitive isomorphism, there being many researchers who have focused on institutional isomorphism when conducting studies of organisations in the public sector, such as universities, police services and hospitals (Dillard *et al.*, 2004; Hopper and Major, 2007). These facts support the choice of this theoretical approach for the current research.

There are a number of limitations affecting the Burns and Scapens (2000) framework. First, there is no mention of the relationship between organisational practices and the organisational field. The framework also ignores the sociological aspects of institutional theory and is limited to the main OIE concept. Moreover, it concentrates on the organisational level, rather than covering all the levels of the organisation, thus ignoring the environment as an institution (Zucker, 1987). The reason for this is that there are many elements which exist at all levels and each one has different effects at different levels, which means that there is a range of different impacts on the organisation. Furthermore, there is a failure to explain higher levels of economic, political and social concerns which have significant impacts

on behaviour at both organisational and individual level. Finally, there is a lack of clarity concerning the actions that are taken by individuals in order to change the rules and routines of the organisation (Dillard *et al.*, 2004; Hopper *et al.*, 2007).

3.3.2 Alternative approaches

Before discussing new institutional sociology, it is useful to mention some alternative approaches that relate to institutional theory: neoclassical economics (NCE) and new institutional economics (NIE).

Neoclassical economists focus on prediction rather than explanation, a characteristic of the OIE approach which has been presented as a basic and traditional institution in the management accounting field (Johnson, 1996). The NIE school of thought also concentrates on individuals as a core concept, rather than organisations, this being the second difference from OIE (Hodgson, 1988). Hodgson (1988) argues that individuals can judge and evaluate a problem with the same criteria, which means that the updating of information is not necessary to deal with problems. Moreover, political and social factors have no clear connection with or effect on individuals. This statement conflicts with the core assumption of NIS, which concentrates on the institutional environment. This issue could lead to the influence of power on individuals being overlooked (Hodgson, 1988; Klien, 1993).

NCE also focuses on transaction cost economics, which is evident in balanced circumstances only. This characteristic leads to NCE being described as a value-free analysis, in contrast with OIE, which starts from a value-driven position when analysing an institution (Hodgson, 1988; Klien, 1993; Dillard *et al.*, 2004). It is thus argued that NCE could be called a mathematical model. According to Johnson (1996, p.287),

“The neoclassical paradigm continues to be the dominant framework in mainstream economics in large part because

its assumptions of rationality and maximizing behaviour have long provided theoretically and mathematically elegant explanations of a variety of issues and problems”.

The shortcomings of NCE discussed above, especially those related to the core features of focus on individuals while ignoring environmental factors, make this approach inappropriate for institutional analysis in the current research. An alternative worth considering is new institutional economics, NIE, also known as an advanced approach which improves upon NCE. NIE rejects the core concept of NCE that relates to individuals, restricting and reducing the impact of individuals on the institution and instead devoting attention to rules that are developed in order to regulate the economy. This approach led to the emergence of the first practical means of modeling levels of management and diversity. Moreover, there was a change in the pattern of research in management accounting and the emergence of new forms of institutional analysis which have led to the development of new dimensions in institutionalism (Hodgson, 1988; Scott, 1995). However, the main criticism of the NIE approach is its lack of attention to the role of power and to cultural factors (Dugger, 1990).

3.3.3 Theoretical framework adopted: New Institutional Sociology

The above-mentioned limitations of OIE have encouraged, to some extent, the adoption of a new framework, created by Dillard *et al.* (2004). This model may be seen as a compromise between structuration theory and the OIE perspective which pays significant attention to an organisation's formal structure and other factors that may influence behaviour and societal rules. It is characterized by a concern with continual change and a focus on political factors and social elements affecting institutionalization as a concept, including different levels and practices. Different levels also have an impact on the institutionalization process, affecting a group of factors located in

the organisational, social and political fields. Moreover, NIS considers the organisation as an institution without ignoring the environment as an institution as well. It concentrates on the influences on organisational structure and the wider institutional context. The idea of rejecting individualism as a core methodological concept in institutional analysis, which is mentioned in OIE, is also adopted in the NIS perspective (Zucker, 1987; Dillard *et al.*, 2004).

As discussed above, NIS emphasizes formal structure and the associated societal rules to explain the role of power and professional groups in the organisation. Moreover, it takes account of the impact on change processes in the organisation of various aspects of the external environment, such as government policies (Dillard *et al.*, 2004). Thus, NIS is more appropriate for explaining the implementation of value structures and procedures in the social environment, especially in public sector organisations such as schools and hospitals (Dillard *et al.*, 2004). Also, it identifies two types of power linked to the relationships, factors which increase understanding of the power structure. Firstly, legitimation structure, which concentrates on defining the standards that have an impact on shaping behaviour. Secondly, signification structure, which focuses on defining models related to structure and policy that become institutionalized (DiMaggio and Powell, 1983, cited by Dillard *et al.*, 2004, p.510).

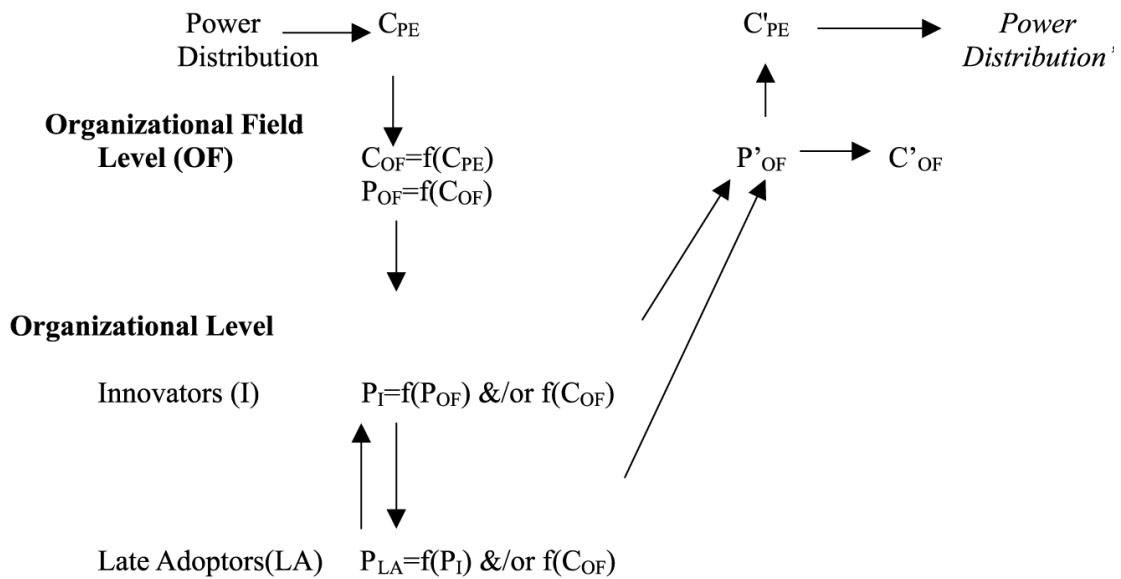
Furthermore, there are two aspects to the explanation of the actions that are taken by an organisation in dealing with accounting practices: isomorphism and decoupling. The former focuses on the adjustment of institutional practice carried out by an organisation and can be one of three types: coercive, mimetic and normative isomorphism. A coercive adjustment occurs when the organisation has to implement a practice under pressure, a process which can be categorized as formal and informal. It is usually applied by a dependent actor. This type of adjustment arises in many

organisations as a result of political influence and legitimate government action designed to regulate organisational practices. Alternatively, mimetic isomorphism emerges when the organisation tries to adopt a practice that has already been successfully implemented by another organisation, failing to question assumptions related to meaning and structure. For example, some organisations face difficulties in setting specific goals and implementing a clear system to measure achievement; therefore, they analyse and search for organisations in similar fields which have had a successful experience of setting goals. Normative isomorphism is a process of qualified and specialized practice implementation, which can also be defined as recognition of the social responsibility to achieve certain goals. In contrast to isomorphism, decoupling refers to the separation of the realities of practice from the formal organisational and managerial processes (Dillard *et al.*, 2004; Hopper and Major, 2007).

Actually, the NIS framework has three levels, each containing a number of factors. The first is the economic and political level, covering the established societal norms. The organisational field, which is the second level of the Dillard *et al.* (2004) framework, is concerned with industrial and professional groups, such as motor manufacturers and police services. The third is the organisational level, which relates to the organisation itself. Figure 3 illustrates the framework which is compatible with the view of structuration theory as set out by Dillard *et al.* (2004).

Figure 3.2 - Institutional relational dynamics

Economic & Political Level (PE)



C_i = criteria

P_i = practice

Source: Dillard et al. (2004, p. 512)

The economic and political level, also called the top level, comprises three elements: economic, political and social systems. This level supports the organisational field level by supplying a suitable establishment. There are also criteria (**CPE**) at the economic and political level which influence the criteria and practices at the organisational field level through the adoption of the values and norms from the top level. Moreover, the establishing of criteria has a significant influence on effective corporate governance at this level (Dillard et al., 2004).

Subsequently, the practices (**POF**) and criteria (**COF**) at the organisational field level influence and organize the practices at the organisational level. Furthermore, the organisational field level supports the organisational level by providing a context acceptable to the organisation. The main resource allocation and; the translation of

(CPE) and (COF) also occur at the organisational field level. At the organisational level, there are two kinds of actor commonly recognized in institutional theory, the first being the innovators (I), who develop new practices according to the limitations of the organisational field level practices. The second group is the late adopters (LA), who have a different role from that of the innovators at the organisational level: they adopt the successful practices which have been developed by the innovators within the limitations of the organisational field level criteria and practices. There is a possibility of integration between late adopters and innovators (Dillard *et al.*, 2004; Hopper and Major, 2007).

Late adopters and innovators play significant roles, as is demonstrated in considering the next step which is when the change process starts to occur. The new practices that are developed by innovators may affect the practices (P'OF) and criteria (C'OF) at the organisational field level, which may in turn cause new evolutionary or revolutionary changes in the environment (Hopper and Major, 2007). Moreover, the implementation of the new practices by the late adopters may influence the organisational field level. As a result of this process, change at the organisational field level will affect the criteria (C'PE) at the economic and political level, including the values and norms at the top level (Dillard *et al.*, 2004; Hopper and Major, 2007).

According to Dillard *et al.* (2004), there are three axes of tension that emerge between Weber's notions and the dynamics of structuration theory: representation, rationality and power. These notions are appropriate to the understanding of the actions taken within an organisation and are useful in analysing some kinds of decoupling behaviour. Representation, which focuses on symbolic explanations, is also related to the role played by meanings and ideas in social action. This approach posits the existence of two kinds of representation: subjective and objective. The former, subjective, relates to the

socially constructed reality and focuses on the social situation, which is related to the legitimating process that affects the individuals concerned. On the other hand, objective representation focuses on the logical aspects of the system, so that it concentrates on the legitimating process as a technical action (Dillard *et al.*, 2004; Hopper and Major, 2007).

Rationality is the relation between the realm of ideas and meanings on the one hand and their legitimate and illegitimate motivations on the other hand. There are two kinds of rationality: formal and substantive. Formal rationality concentrates on those values that are related to empirical knowledge and is concerned with the question of economic efficiency, whereas substantive rationality focuses on the values and meanings of actions from an ethical standpoint (Dillard *et al.*, 2004; Hopper and Major, 2007).

The third of Weber's notions is power, which may be considered to measure the extent of control over two resources: human and material. This control differs in kind at the three levels of institutional organisation. At the economic and political level and the organisational field level, it applies to the systems themselves, which are accepted by the dominant ideology, while at the organisational level the control factors appear through the application of formal hierarchical structures (Dillard *et al.*, 2004; Hopper and Major, 2007).

Also, within the three levels of social organisation, there are three dimensions which are called dimensions of contextual change. These are the legitimating grounds, representational schema and domination perspective. Firstly, at the economic and political level, the legitimating grounds relate to norms, regulations and law. Also, the representational schema links to the economic and political systems. Moreover, the domination perspective relates to the institutions that focus on resource control (Dillard, *et al.*, 2004).

Secondly, at the organisational field level, the legitimating grounds link to the industrial norms and practices. Furthermore, the representational schema reflects the two aspects:

economic and political criteria that were translated within this level and structures that changed based on organisational actions. Also, the domination perspective relates to the institutions that focus on allocating resources within this level (Dillard, *et al.*, 2004).

Thirdly, at the organisational level, the legitimating grounds relate to the rationality. Also, the representational schema within this level reflects the representation. Moreover, the domination perspective reflects power (Dillard, *et al.*, 2004).

A number of criticisms of NIS theory have been made. First, it distinguishes between certain concepts such as private and public organisations, as well as economic and legitimacy. As a result, it has been called a vibrant theory. There are also drawbacks in using institutional isomorphism in research that relates to private sector organisations. These arise, according to DiMaggio and Powell (1983, 1991b, cited by Hopper and Major, 2007, p. 63), because of the belief:

“...that private sector organisations have clear and measurable goals so their practices follow technical and efficiency pressures, whereas public and not-for-profit organisations have ambiguous goals and unclear means-ends relationships and therefore seek legitimacy by institutional isomorphism”.

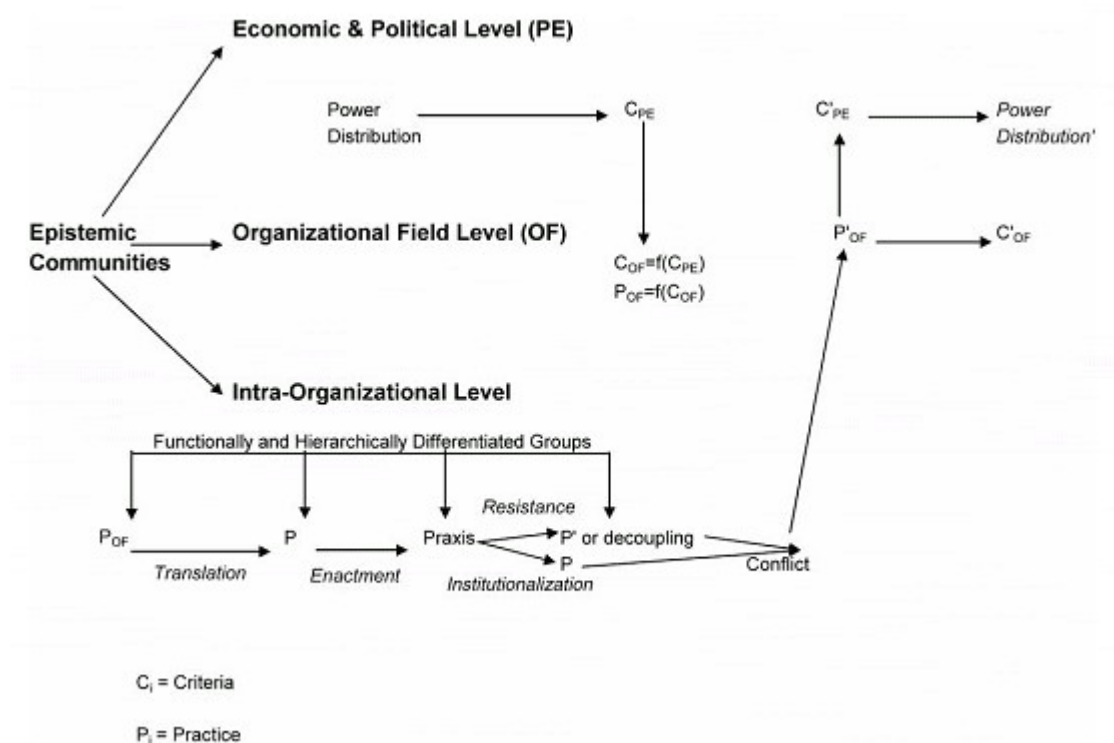
Nevertheless, competitive isomorphism has not been the subject of clear focus by researchers. Furthermore, NIS is similar to contingency theory in that it ignores a number of real and important concepts. Another problem relates to the role of NIS in the change process; it can be seen as a threatening process for individuals who are resistant to change (Dillard *et al.*, 2004; Hopper and Major, 2007).

Hopper and Major revised the Dillard model as a result of their investigation into the implementation of activity-based costing (ABC) in Portuguese telecommunications. There were several reasons for this revision. First, Hopper and Major found that many factors, such as culture, power and resistance, influenced the adoption of ABC and

that they were located at different levels of the organisation. Secondly, the case study organisation faced three adjustments of its institutional practice: mimetic, normative and coercive. Thirdly, the authors found that its adoption of ABC could be explained by theory triangulation in order to clarify the role of agency and the nature of the organisation's accounting practice. In their suggested framework, therefore, Hopper and Major replaced the organisational level with the intra-organisational, in order to identify the department or section responsible for the conflict in organisational structure and to clarify the intertwined power relations and organisational dynamics (Dillard *et al.*, 2004; Hopper and Major, 2007).

In the Hopper and Major model, innovators and late adopters at the organisational level are replaced with organisational field practice, which translates to practice. Subsequently, the practice is applied by enactment and becomes praxis, which faces two alternatives: resistance or institutionalization. Both situations may lead to conflict. Figure 3.3 illustrates these processes (Dillard *et al.*, 2004; Hopper and Major, 2007).

Figure 3.3 - The Hopper and Major framework



Source: Derived from Dillard et al. model (2004)

3.4 Justification for Picking NIS as Theoretical Framework

The aim of this study is to investigate in depth and observe the critical factors that have a substantial impact on the successful implementation of management accounting change in public sector organisations, particularly in the Middle East. It focuses on explaining the response of the Abu Dhabi Police (ADP) as an entity undergoing change under the supervision of ADEC. Thus, the scope of the research is to understand why and how this change occurred. In order to explain these issues, the research employs the NIS framework, developed by Dillard et al. (2004), which takes into consideration the organisational level that is the essence of OIE. In addition, the NIS framework is adopted in order to avoid the shortcomings of OIE theory regarding the existence of several levels rather than just one. This is reflected in the nature of the factors that may affect the institutional process at various levels and which are outlined in the NIS framework (Powell, 1985; Dillard et al., 2004).

It is also important to mention that early studies using NIS theory paid little attention to the role of power in the institutional process. Several reasons account for this, including the fact that there are some organisation-level rules that impose certain procedures that must be applied in the organisation. Moreover, it is questionable whether such rules play a vital role in supporting the implementation of the change process in organisations and whether this support facilitates the achievement of objectives that were set in order to adapt to the new system in the organisation (Powell, 1985; Hopper and Major, 2007).

For several reasons discussed above, the alternative approaches of NCE and NIE are inappropriate to the conduct of this research. In summary, the main reason for excluding these approaches relates to their focus on individuals rather than considering other factors and the complexities of the social environment.

New institutional theory clarifies the issues that have great impact on the achievement of MACH in the public sector. This assumption is appropriate for all types of firms, focuses on structured system of the company and identifies social procedures that escort this system. It takes into account the companies in terms of the issues that influence three levels such as the economic and political level, the organisational field level and the organisational level (Dillard et al., 2004).

Alawattage et al. (2005, p. 464) argue that

“Accounting change is an essential component of market-based development policies promulgated by international agencies. However, frequent failures have cast doubt on whether Western management accounting practices can be effective, especially without adjustment to local circumstances. Work in this area is growing but is still in its infancy.”

The previous statement indicates that a few number of literatures focused on the issues that have considerable influence on MACH in order to introduce innovation accounting system in the public sector, particularly under developed countries, including the Middle East. One exception is a particular research in Egypt in the context of organisational change whose researcher called for in-depth study in order to clarify the resistance to an accounting change (Hassan, 2005). In fact, this research is based on exploring the role of management accounting in a public organisation of Abu Dhabi. Therefore, little attention was paid to the key factors associated with new accounting systems that support or impede the implementation of innovative accounting system especially in developing countries (Hassan, 2005).

Waweru *et al.* (2004) identified several factors influencing MACH in public sector organisations. These factors include: new markets, new shareholders, competition, and diminishing financial performance of the company. Chrusciel and Field (2006) highlight the need of identifying the issues that are significant in terms of hindering change implementation. Therefore, this research has been carried out to fill this literature gap by discovering the key factors that specifically support or hinder the implementation of accounting change related to public sector organisations in developing countries.

It is suggested by Waweru *et al.* (2004) that modifications in an organisational environment can have deep impact on accounting change and finding more detail on factors like this can enlarge the understanding of the role of accounting innovation in order to improve performance level of organisations. In addition, they also argued that limited research has been conducted on exploring the issue that whether companies tend to apply MACH by reproducing changes implemented by other enterprises that are focused on institutional theory (Waweru *et al.*, 2004).

The UAE is a developing country located in the Middle East. There has been lack of literatures conducted in management accounting context particularly NIS in the public sector in the UAE. The main reason of this limited research could be a shortage of universities with lack of accounting knowledge and expertise (Jahamani, 2003). Also, the research on MACH discovers the issues associated with the common political and legal situations (Waweru *et al.*, 2004). In addition, the existing literature also targets the private sector, but it cannot be said that the same hypothesis and theories can be applicable in the public organisations (Waweru *et al.*, 2004). Therefore, this thesis will seek information to illuminate the key factors or issues having great influence on the introduction and implementation of management accounting change in the public sector in the UAE.

3.5 Conclusion of the Chapter

The theoretical chapter began with an overview regarding the research perspective. This research adopted an interpretive perspective for many reasons that have been mentioned previously, the main two reasons being that accounting research is located in the social viewpoint in philosophy and the selected perspective is more appropriate for public sector studies that support the exploration of the factors that influence change in organisations (Hopwood, 1983; Hopper and Powell, 1985; Covalleski *et al.*, 1996). Chapter 3 presented an in-depth discussion concerning various research perspectives and especially the interpretive perspective that has been adopted in the current research.

Subsequently, this chapter provided an explanation of institutional theory and the other main theories that are mentioned in the literature, these being old institutional economics (OIE), alternative approaches, neoclassical economics (NCE) and new institutional economics (NIE). Old institutional economics was discussed in depth with a view towards providing insights that enrich the understanding

of the process of institutionalization (Burns and Scapens, 2000). Moreover, consideration was given to the criticisms of these three main theories.

The NIS theory was discussed and explored in relation to the criticisms that have been leveled at the other three theories. NIS is a compromise between two approaches, structuration theory and the OIE perspective that covers both the formal structure and social rules in organizational levels. In addition, it was mentioned that NIS is appropriate for implementation in both private and public organizations. Moreover, explanations regarding the model that was selected were presented (Dillard *et al.*, 2004). This model enhances and provides a rich insight into the political and social fields within the institutional context perspective (Zucker, 1987; Dillard *et al.*, 2004).

In addition, justifications for selecting the suggested theory were made. Also, it was pointed out that the main reasons for adopting NIS in the current study relate to the nature of the case study, the ADP, the scope of factors that may be located at different organisational levels, and the need to avoid the weaknesses of OIE theory regarding the existence of several levels rather than just one (Powell, 1985; Dillard *et al.*, 2004).

The next chapter addresses the research methodology with a view towards clarifying the approach taken by explaining the research methods, as well as the research philosophy, both of which aim to provide a rich insight into managing accounting change.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter is intended to complete the discussion begun in the theoretical framework chapter. Also, the present research focuses on investigating the critical factors located at different organizational levels and their roles in facilitating or impeding accounting change in the public sector. In order to realise and understand these aims, this chapter concentrates on discussing the methodology and approaches that were adopted for this research, as well as presenting the reasons behind selecting those methods. It begins by providing discussion concerning the research aim and objectives that the present research is intended to achieve. Then, the next section raises the research question which provides a focus for the current research and considers how it could enhance the understanding of and provide a rich insight into the subject. The methodological stance and research perspective is explained by the adoption and application of the fish framework (Searcy and Mentzer, 2003). This includes a clarification of the chosen research perspective and the reasons for this choice, followed by sections concerning the research methodology and philosophy of the current research. After that, the fifth section discusses the research approaches by providing some explanations of qualitative and quantitative approaches with clarification of the reasons for choosing the qualitative approach in this research. The sixth section presents a brief discussion regarding the research methods by exploring interviews and case studies. The final section provides the research methods that are adopted for the current research, namely the interview method and document analysis, and implemented on the research case study which is the ADP.

4.2 Research Aim and Objectives

The core aim of the research is to investigate the critical factors that influence the implementation of management accounting change in a public sector organisation, namely the ADP, under the supervision of ADEC. The underlying objectives are as follows:

- To review definitions of management change and management accounting change;
- To explain the types of management accounting change in the public sector;
- To review the main accounting approaches in the public sector;
- To review the institutional and alternative approaches in management accounting change;
- To investigate and explain the critical factors that influence the implementation of management accounting change in the public sector;
- To conduct semi-structured interviews to gain better understanding regarding accounting change at the government level;
- To examine documents related to the Abu Dhabi Government in order to understand the policies and strategic aspects of accounting change.

4.3 Research Question

The main research question of the study is as follows:

- Why and how the Abu Dhabi Police implement the strategic change and how, if at all, did the Abu Dhabi Police's management accounting change?

4.4 Research Methodology

According to Leedy and Ormrod (2005), research refers to a search for knowledge by collecting, analysing, and interpreting the important and relevant data/information. Kothari (2008) described research as a scientific concept which means “*a careful investigation or inquiry especially through the search for new facts in any branch of knowledge*” (p. 1). In fact, research is an academic activity which is normally used for multiple purposes such as identifying problems, defining a hypothesis, collecting and evaluating information and drawing conclusions. Khanzode (2004) opined that research

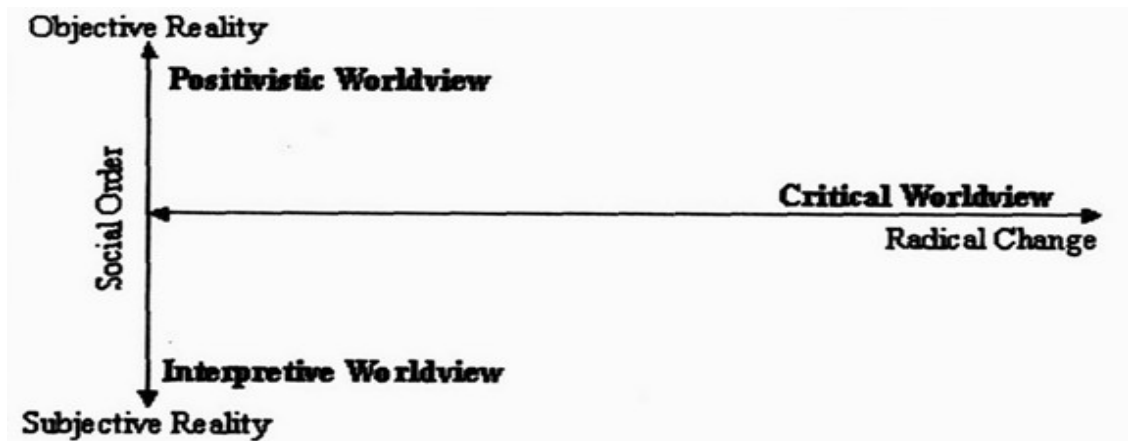
is a scientific and systematic framework which is closely related to human behaviour and helps the researcher to discover the reality about a particular area of concern.

Research methodology, on the other hand, deals with research approaches and methods that are applied to the study in order to identify an appropriate solution to the research problem. Fellow and Liu (2008) defined research methodology as “*the principles and procedures of the logical thought process which are applied to a specific investigation*”. In addition, in order to analyse data, the researcher needs to know what different techniques and tests should be applied to certain types of data by underpinning assumptions of the research. Here, it is important to differentiate research methodology from research methods. Research methodology has a wider scope in comparison to research methods. Kothari (2008) said that when a researcher is referring to research methodology, it means a consideration of the logic behind the methods that the researcher is going to use during an investigation.

4.5 Research Philosophy

According to Bryman and Bell (2003, p.13), research philosophy focuses on “*the question of how individuals make sense of the world around them and how in particular the philosopher should bracket out preconceptions in his or her grasp of that world*”. Saunders *et al.* (2003) believe that research philosophy is inherent in the development of initial knowledge and concepts. Regarding research, a number of studies have offered explanations of perspectives, types and descriptions that could enhance and increase a researcher’s knowledge in order to understand phenomena in particular fields. According to Searcy and Mentzer (2003), there are three world-views in the accounting field: positivistic, interpretive and critical which are illustrated in Figure 4.1 Easterby-Smith *et al.* (1991) posit similar categories and argue that there are two significant philosophies in the social sciences: positivism and phenomenology (see also Collis and Hussey, 2003).

Figure 4.1 – Worldviews in accounting research



Source: Searcy and Mentzer (2003, p. 133)

4.5.1 Positivist World-view

The positivist paradigm is used by traditional scientists in the contexts of physics, biology, chemistry, and engineering. Many scientists and researchers believe that the positivistic approach is suitable to sciences because all the sciences can be assimilated into a single natural system (Halfpenny, 1982; Saunders *et al.*, 2007; Saunders *et al.*, 2009). According to Buddharaksa (2010), there are three explanations of the positivist paradigm: statement of particular facts, one or more general rules or laws, and statement of explanation. In fact, the positivistic approach provides the insights of studying the real world where people believe what they see around them. Saunders *et al.* (2009) explained that positivism is an objective and an independent way of determining hypotheses that can be accepted as rules and laws afterwards and these rules and regulations can be objectively evaluated on a quantitative basis.

One of the major criticisms made regarding the world-view of positivism is the problem of untying the researcher from what is being researched (Hustler, 2005) and consequently, the hypotheses based on absolute reality cannot be developed. Observations, laboratory experiments and tests, surveys and interviews are the research methods used under a positivistic philosophical approach because they can be controlled, measured, and utilized to support predetermined hypotheses.

According to Amaratunga *et al.* (2002), social factor and social structure are the two key concerns of positivist. Collis and Hussey (2003) mentioned that positivists try to explore the reasons of social experiences by ignoring personal views and beliefs.

4.5.2 Phenomenological View

On the other hand, the phenomenological approach focuses on subjective meanings or reality and social behaviours. Its methods are qualitative and its purpose is hypothesis generation (Amaratunga *et al.*, 2002). The researcher in this paradigm is a part of what is being observed. Phenomenology is thus more concerned with meanings than facts. Its outcomes can be controlled and affected by human interest and its sample size is small (Easterby-Smith *et al.*, 1991).

According to Saunders *et al.* (2003), positivism is not particularly suitable in this type of research because it concentrates on the complex circumstances of implementing management accounting change (MACH) in the ADP organisation and needs to take into account an understanding of the complexity of the organisation's culture, system, leadership and processes. Essentially, phenomenological approach is suitable for the literature associated with management because it is designed to gather data or information in multifaceted situations. In fact, this approach enables the research to keep in touch with the organisation in order to explore and evaluate information required by the organisations for day-to-day operations (Saunders *et al.*, 2003). Thus, it can be said that this approach is appropriate for collecting data from the ADP organisation and can be useful in understanding the core factors that affect the changes in management accounting that may be located at different levels in this organisation.

4.5.3 Interpretive World-view

The interpretive world-view is basically a contrary approach to the positivistic world-view. The believers of this world-view suppose that each human being has a different perception about reality and it is not possible to measure it empirically (Pollard, 2002). Saunders *et al.* (2009) explained that the interpretivist approach is subjective in nature and most likely to change during the process of the research. In addition to that, it also provides a holistic view of the research by carefully accepting the idea of reality being 'out there'. Under this approach, a framework can be developed on the grounds of findings and conclusions obtained from people's observations regarding a specific area

of concern. Generally, anthropologists and historians used to adopt the interpretive paradigm.

Some criticism has also been made regarding interpretivism. Hustler (2005) mentioned that interpretivism does not allow generalisations because it supports the study of a small number of cases which normally do not pertain to the entire population, but according to other experts (e.g. Macdonald *et al.*, 2002); interpretivism involves detailed inquiries which allow researchers to obtain knowledge about a particular subject. Case studies and in-depth interviews are the research methods used in the interpretivist approach.

4.5.4 Critical Theory

The critical theory (or transformative paradigm) is another way of approaching research philosophy. Critical theory is the combination of different worldviews. The believers of critical theory assume that generalising is meaningless (Searcy and Mentzer, 2003). In addition, Mackenzie and Knipe (2006) mentioned that people are keen to change their social and cultural differences and they also focus on eliminating injustice from society. Therefore, the purpose of critical researchers is to transform society to address discrimination, especially on the basis of gender, ethnicity, disability and other marginalised behaviours.

By following the interpretivist world-view, critical theory also recognises the importance of research by considering it 'not a value free concept'. In reality, critical researchers go further with the goal to vigorously challenge values and interpretations in bringing change (Crotty, 1998) and thus this approach leads to a frequent criticism of critical theory. However, Creswell (2003) believes that it is an inherent consequence to bring change in society in order to handle a particular issue and this is the reason that critical theory is also sometimes referred to as transformative paradigm. Action research, interviews, and group discussions are the research methods used under this philosophical approach because these methods allow collaboration and can be carefully deployed in a way that avoids prejudice or inequality (Mackenzie and Knipe, 2006).

Having discussed the views of Easterby-Smith *et al.* (1991) and Searcy and Mentzer (2003) based on Chua's (1986) view of the world of accounting, it is better practice to differentiate these approaches on the basis of two sets of philosophical assumptions:

ontology (the nature of reality) and epistemology (the nature of knowledge). Table 4.1 summarises these differences.

Table 4.1 – Philosophical Approaches

	POSITIVISTIC	INTERPRETIVE	CRITICAL THEORY
Purpose	-Explain and predict	-Interpret and understand	-Disclose and empower
Focus	-Comprehension	-Interpretation	-Exploration
Methods	-Quantitative -Statistical	-Qualitative -Descriptive	-Dialectical -Grounded
Ontological assumption	-Value-free -Single	-Subjective -Multiple -Holistic	-Both objective and subjective -Social world is hard structure
Epistemological assumption	- Nomothetic -Time-free -Observable is knowledge -Subjective is meaningless	-Idiographic -Time-bound -Valid knowledge from individuals -Subjective	-Focuses on the visible accounting social and historical constitution -Generalisation is meaningless
Paradigm examples	-Falsificationism -Empiricism -Realism	-Symbolic Interactionism -Phenomenology -Relativism	
Method examples	-Observations -Laboratory -Surveys -Interviews	-In-depth interview -Historical analysis -Ethnography -Field study -Case studies	-Interpretive essays -Action research -Interviews -Observations

Source: Taylor (1996) & Searcy and Mentzer (2003)

4.5.5 Philosophy of the Current Research

Easterby-Smith *et al.* (1991) discuss the positivistic approach. It is also worth mentioning that positivism is the mainstream view in accounting research and has been adopted in 88.5% of accounting articles published in the top four journals between 1995 and 2000 (Searcy and Mentzer, 2003). In contrast, the interpretive view focuses on subjective rather than objective reality; it is also mainly concerned with social construction. This approach is more appropriate for case study research, as the core idea is to understand the actor's experience in the organisation from a social perspective (Searcy and Mentzer, 2003). Moreover, interpretive research can be distinguished from scientific research in the way that it is not a 'value free concept'. Since the present research is a qualitative study, it is difficult for the researcher to make it value free (Bryman and Bell, 2003). The third world-view is critical theory, which focuses on the

conflict that occurs between actors and social structures. It may be applied to both subjective and objective studies (Searcy and Mentzer, 2003).

Among the research philosophies discussed above, interpretivism is suggested as an appropriate world-view for this research. The following discussion will justify the choice of this philosophy. In terms of research paradigm, it is important to describe this concept and establish the most suitable paradigm for this research. This will provide a clear path in the research map (Searcy and Mentzer, 2003). The research paradigm, which is also known as the research perspective, aims to provide a clear way of studying the world-view and explaining phenomena. Table 4.1 presents examples of research paradigms adopted in accounting research (Searcy and Mentzer, 2003).

This research fits the interpretive paradigm because the research problem and research questions are concerned with understanding **Why** and how the ADP implemented the strategic change and **how**, if at all, did the ADP's management accounting change?

4.6 Research Approaches

The research approach is basically a way of showing what approach is adopted by the researcher to conduct the research. According to Yin (2008), there are three main principles for the selection of the research approach:

1. The selection is primarily based on the nature of research objectives as well as the type of the investigation;
2. It also depends on the control of the researcher over behavioral events; and
3. Finally, the extent to which contemporary events have been highlighted.

There are a number of researchers who have pointed out the significance of qualitative and quantitative approaches in conducting research as they help in the selection of an appropriate method or methods at the next stage of the research (Cooper and Emory, 1995; Hussey, 1997; Bryman, 2008).

4.6.1 Qualitative Approach

According to Neuman (2006) and Bryman (2008), qualitative research follows the concept of inductive reasoning where the researcher gains an understanding of specific issues and develops a hypothesis on the basis of the particular information. Under this approach, the researcher normally explores the data in the form of words, objects, or pictures by following the idea of interpretivism. Therefore, the inquiries are exploratory and subjective in nature. Normally, a small number of samples are required to complete qualitative studies where unstructured or semi-structured techniques can be utilised to collect data. Some of these techniques or methods are in-depth interviews and group discussions.

In describing the strengths of the qualitative approach, Bryman (2008) opined that qualitative explanations may play a critical role in proposing possible relationships, impacts, and causes in a dynamic way. Burns (2000) mentioned that qualitative research adds blood and flesh to conduct analysis in social contexts. In addition, as quantitative analysis is not involved, the research is more descriptive and narrative in style.

In contrast, the issue of sufficient validity and reliability is a vital concern in the qualitative approach (Neuman, 2006). Bryman (2008) mentioned that a qualitative research requires extensive time, efforts, and resources for collecting data and conducting analysis. Furthermore, the problems of confidentiality and issues of anonymity are also highlighted in Bryman's work as the limitations of the qualitative approach.

4.6.2 Quantitative Approach

Neuman (2006) and Bryman (2008) described the quantitative approach as the most essential element of research because it allows the researcher to discover the effects and causes of his observations. In fact, the quantitative approach follows the idea of deductive reasoning where research begins with generalisations and concludes with specific findings. Under this method, the researcher usually conducts empirical studies by using numeric data. The quantitative approach follows the idea of positivism and inquiries are objective in nature. Normally, a large number of samples are required to complete quantitative studies where structured techniques such as questionnaires and

interviews can be utilised to collect the data. The data can then be analysed by using statistical or mathematical techniques.

One of the biggest strengths of the quantitative method is that it uses statistical techniques for sophisticated analyses (Bryman, 2008). In addition, it provides insights to control the research process through sampling and design methods. Burns (2000) explained that quantitative measures help to remove replication of data and also facilitate the researcher to create hypotheses systematically and to empirically test them. On the other hand, some researchers believe that quantitative methods fail to consider people's unique abilities to interpret their experiences (Neuman, 2006; Bryman, 2008).

Table 4.2 summarizes the important differences between qualitative and quantitative methods.

Table 4.2 – Differences between qualitative and quantitative approaches

CHARACTERISTICS	QUALITATIVE	QUANTITATIVE
Nature	Subjective	Objectivism
Philosophy	Interpretivism	Positivism
Purpose	Interpret and explore	Validating and confirming
Objective	To generate theory	To test theory
Approach	Inductive	Deductive
Data collection	<ul style="list-style-type: none"> - Not large samples - Informative - In-depth interviews 	<ul style="list-style-type: none"> - Large samples - Questionnaires - Interviews
Type of data	Secondary	Primary
Data analysis	By extracting themes from the literature evidences to show consistent picture	By using statistical processes, tables, graphs related to addressing hypothesis
Reporting	<ul style="list-style-type: none"> - In descriptive words - Narrative nature - Literary style 	<ul style="list-style-type: none"> - In measurable numbers - Statistical and aggregated - Scientific style
Strengths	<ul style="list-style-type: none"> - Natural data collection methods - Contribution to generate theories - Processes can be changed - Recognizing people's opinions 	<ul style="list-style-type: none"> - Availability of wide range of situations - Economical and quick - Related to decisions - Helps to develop hypothesis

Weaknesses	<ul style="list-style-type: none"> - Difficult to collect data - More information and resources required - Time consuming - Hard data analysis - Hard data interpretation - Hard to control the research process 	<ul style="list-style-type: none"> - Inflexible and artificial data collection - Hard to understand the research process - Sometimes not supportive in theory generalization
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Sources: Burns (2000); Neuman (2006); Bryman (2008)

Bryman (2008) believes that the combination of both approaches can provide excellent results in achieving the objectives of any research. The wrong selection of research approach may undervalue the researchers' aims that are associated with the research and this is the reason that many researchers prefer the quantitative approach as it is more objective and scientific in nature (Hughes, 1997).

4.6.3 Approach of the Current Research

First, the research mode should be chosen from two main alternatives: induction and deduction. In this research the mode is inductive because it generates a theory as applied to the ADP organisation. In other words, this research focuses on social aspects of the ADP organisation and clarifies the nature of change that occurs during the implementation of a new accounting system and the role of agents at different organisational levels (Dillard *et al.*, 2004). Therefore, a qualitative approach was adopted for the current research. In contrast, the quantitative approach is related to positivism and requires a large number of samples which is not possible in this research (Bryman and Bell, 2003; Searcy and Mentzer, 2003).

4.7 Research Methods

The second step is to specify the research method. The collection of data is an inherent part of the research. Gathering data is not an easy task and involves many complex and multifaceted processes. One of the main decisions of the researcher is concerned with the selection of one or more appropriate data collection methods for the research. In the words of O'Leary (2004), "*collecting credible data is a tough task, and it is worth remembering that one method of data collection is not inherently better than another*" (p. 150). So, the decision of selecting appropriate data collection methods is primarily

based on the research objectives as well as on the merits and demerits of each method. Data or information can be collected from numerous sources that typically include processed documents, internet, journals, workplaces, records, interviews or questionnaires. Two research methods (i.e. interviews and case studies) were selected to conduct this research. The decision to select these methods was based on various reasons and the following discussion will justify this decision by focusing on two notable research methods considered to be suitable for this research, namely:

- Interviews;
- Case studies.

4.7.1 Interviews

The interview method is a methodical and logical way of talking and listening to respondents in order to gather primary information. According to Steiner (1983), the qualitative research interview is “an interview whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena” (p. 174). During the interview, the researcher normally asks open questions by focusing on the key research question. Cohen *et al.* (2000) stated that “an interview is not simply concerned with collecting data about life: it is part of life itself, its human embeddedness is inescapable” (p. 267).

Among a number of ways of conducting interviews, face-to-face and telephonic interviews are very popular, but nowadays, conducting interviews using computers is also increasing. Due to innovations in computer technology, different types of computer mediated communication methods have been developed (Opdenakker, 2006). Hoyle *et al.* (2002) emphasized the importance of proper training and the behaviour of the interviewer while conducting interviews that can facilitate the attainment of research aims and objectives. There are many reasons for preferring interview as a research instrument over other research methods. Gray (2004) compiled these reasons which are presented below:

- Interviews can be conducted when the researcher needs to attain highly personalized data;

- Interviews can be conducted when a good rate of return is required;
- Interviews help the researcher to gather data from participants who are not fluent in the native language or have difficulties in writing or understanding written phrases.

Gillham (2000) explained that when the interview is conducted, the interviewer must ensure that the participants have following information:

- Fundamental knowledge about the aims and objectives of the research;
- An obvious understanding concerning for what purpose the interview will be conducted;
- An idea of the possible duration of the interview and the reason for recording it;
- A clear understanding about when and where the interview will be conducted.

Generally, there are many advantages and disadvantages of using this method. The advantages of recorded interviews are that the researcher has a useful database that can be shared with other researchers, the researcher can use direct quotes of the interviewees when required, and it helps the interviewer to focus on the data obtained from the interviewees and to clarify any unclear data. On the other hand, the disadvantages of the interview method include: it takes time to transcribe audio recordings; if the interviewee refuses to allow their voice to be recorded then the interviewer may lose focus between listening and writing down the data; the potential interviewees may not have enough time to be interviewed; technical problems may occur that will cause wasting time and effort; and the nature of any relationship may have an impact on the interview, affecting the sorts of information gathered (Saunders *et al.*, 2003).

Saunders *et al.* (2003) describe four types of interviews: structured interviews, semi-structured interviews, unstructured interviews, and non-directive interviews. Corbetta (2003) explained structured interviews as “*interviews in which all respondents are asked the same questions with the same wording and in the same sequence*” (p. 269). Basically, such interviews introduce severity or rigidity to the discussion; for instance, probing can be a problematic part during structured interviews because participants may

not either be able to understand the questions or unable to answer them. Furthermore, it is also possible that participants may not have received adequate information before or during the interview. One of the biggest strengths of this type of interview is that the interviewer has effective control over the subject area and can set up the interview according to his needs. For this purpose, the interviewer can also use an interview guide which helps him to arrange the interview in the desired format. The guide also makes it easier for the researcher to analyse, code, and compare the relevant data/information (Corbetta, 2003). Moreover, a formal interview guide facilitates inexperienced interviewers to conduct a structured interview. David and Sutton (2004) explained that structured interviews are beneficial for researchers because “prompting can be included with the questions and if a question is inappropriate, data on why no response was made can be recorded” (p. 160). On the other hand, one disadvantage of structured interviews is that they are very much reliant on an interview guide so that some additional significant information could be neglected. Also, due to a predefined interview guide, the participants may perceive the enquiry in a different way.

According to Saunders *et al.* (2003) and David and Sutton (2004), semi-structured interviews are often used in qualitative investigations where the researcher normally does not carry out research to assess particular hypotheses. Essentially, the interviewer follows a list of key questions consisting of several issues and themes. The interviewer can change the sequence of the questions according to the situation by following the flow of the interview. In fact, the interviewer can use the interview guide, but additional relevant questions can also be asked by informal means. David and Sutton (2004) outlined some important strengths of semi-structured interviews. According to them, a semi-structured interview helps the interviewer to deeply investigate into the given situation; for instance, the interviewer can utilise computing technology for the purpose of conducting interviews as some participants are more technology oriented than others. Therefore, using technology-based semi-structured interviews, interviewers are capable of addressing more detailed questions to the respondents through not just relying on a traditional interview guide. In addition, if some questions are not clear to the participants then the researcher can rephrase the questions accordingly. One of the demerits of the semi-structured interview is that inexperienced interviewers might experience difficulties in asking or rephrasing questions quickly. In this case, some

relevant information could be missed. Furthermore, the lack of experience of interviewers may hinder them in probing into a situation.

Another approach is the unstructured interview which is normally a flexible and non-directed method and more casual than the above-mentioned interview types. Every unstructured interview is different so the use of an interview guide is not necessary in this kind of interview. In fact, during unstructured interviews, interviewees are allowed and encouraged to speak freely and openly in order to provide the maximum possible information (Sanders, 2009). Normally, conducting unstructured interviews is easy and little or no training or preparation is required. In mentioning the strengths of unstructured interviews, Lazar *et al.* (2010) reported that there are no restrictions placed on the questions and this practice is useful especially when the researcher has little or no information about the topic. In addition, by conducting unstructured interviews, the researcher can explore information about fundamental motives of the research. Sanders (2009) pointed out that unstructured interviews are not appropriate for inexperienced interviewers because they can ask unsuitable and irrelevant questions during the interview. Consequently, it will become difficult for the researcher to code and analyse the collected data or information.

In the non-directive interview, the interviewee leads the discussion and there is no specific criterion to follow (Lazar *et al.*, 2010). In such interviews, the interviewer carefully listens to the interviewee and his own contribution is very small. Therefore, the interviewer is unaware of which direction the interviewee will take the interview. Basically, non-directive interviews are suitable and beneficial for doctors and psychiatrists for the purpose of identifying the diseases and subconscious feelings of patients (Corbetta, 2003). Therefore, non-directive interviews are helpful in identifying deep-seated problems. On the other hand, it is difficult to code and analyse the data because no directions are provided in this context.

According to the understanding of the researcher, semi-structured interview is appropriate for this research as the interviewer can change the sequence of the questions according to the situation by following the flow of the interview in order to explore the behaviour of ADEC and ADP employees. In addition, the researcher has the freedom to select questions from the list and also to informally seek other data which is not mentioned in the questions. In this way, the researcher can investigate in more depth

into the given situation to clarify understanding. For this purpose, sufficient practice in probing into situations is performed by the researcher before conducting the real interviews. Also, some rephrasing rehearsals to attain the maximum possible information regarding the particular topic are carried out.

Moreover, the description and classification of the concept of critical factors is derived mainly, including the literature, from the culture of the authorities in Abu Dhabi. Their employees, including interviewees, have been influenced by their experience, organisational anecdotes, consultants and ADEC interest. These influences develop the culture of the interviewees with regard to classifying the critical factors as opposed to normal factors. Also, the majority of interviewees repeat and insist upon some factors. Moreover, they describe their own experience and express how these critical factors have an impact on management accounting change in the organisation.

4.7.2 Case Studies

Saunders *et al.* (2003) explain that a case study is a plan or approach to research that investigates a specific contemporary phenomenon by taking multiple sources of evidence in a real-life environment. Thus, the case study research method is appropriate to examine the ADP organisation situation. It is also considered as one of several qualitative approaches; therefore, it is important to clarify the reasons for choosing this research method from those discussed in the literature. Firstly, by adopting case study, the researcher can apply triangulation to the data in order to increase validity. Triangulation means using more than one approach to data collection, such as observation and interviews (Brannen, 1992; Yin, 1994).

Secondly, Scapens (1990) declared that the social system in a particular case is the part of the wider social system so a case study may facilitate the understanding of historical and holistic aspects of the social system. Yin supports Scapens' view that historical issues can be explored by a case study approach using systematic interviews and that holistic circumstances can be explained clearly by this means (Scapens, 1990; Yin, 1994; Yin, 2008). Moreover, according to Remenyi *et al.* (1998, cited by Hines, 2000), there are two benefits of the case study approach: (1) research that explores both current and historical phenomena can reveal a holistic picture; and (2) this approach can add to

the development of knowledge through narrative and explanation. These considerations led to the choice of a case study design to understand the reasons for the application of change in the Abu Dhabi Local Government (ADEC) by investigating the circumstances surrounding this change. This will expand the circle of understanding in general, as well as facilitating a general understanding of the merits of this change, through a verification case study method.

Thirdly, a case study is useful in answering WH-questions; i.e. those beginning with words such as who, why, where, what and how. It enhances the quality of information and offers detailed answers to such questions. Here, it has been chosen as useful in clarifying the factors leading the Abu Dhabi Local Government ADEC to become subject to organisational change and the dimensions of this change. It also explains the interaction of the accounting management with change programmes that took places in ADEC. Moreover, it should be noted that the case study method contributes to achieving the objectives of this study related to clarifying the events and consequences associated with the change applied to the Abu Dhabi Police. Furthermore, the application of this method is helpful in interpreting the meaning of some actions and clarifying the role of performance measurement systems at the local level in the organisation (Saunders *et al.*, 2003; Yin, 2003). Fourthly, the case study design offers a detailed explanation of the events occurring in the organisation. This explanation relates to real phenomena and it gives this method an advantage as a source of data (Yin, 1994).

Finally, Scapens (1990) argues that accounting practices occur in a social context related to a subjective world in which they are implemented and changed by human actors. Thus, accounting practice is related to reality and not a value-free practice. Also, the research focuses on ‘why’ and ‘how’ questions concerning the actions and behaviours of various actors in the process of accounting change. Moreover, it is related to different levels of the organisation, including the institutional levels discussed by Dillard *et al.* (2004) and Burns and Scapens (1999).

It is also important to mention the types of case studies: single or multiple. The choice depends on the availability of resources, the objectives, and the research questions. The evidence collected may be either qualitative or quantitative, and these may be collected separately or together. Moreover, conducting multiple case studies can be seen as

similar to replication by means of multiple experiments (Yin, 2003). Collis and Hussey (2003) argue that the case study method can give researchers a chance to examine a phenomenon within a particular context. However, there are some limitations to the case study method mentioned by Scapens (1990) and Yin (1994) in that case studies focus on the social aspects of reality while giving less attention to objective aspects.

The above discussion concerning the case study method shows that it is suitable for data collection in the ADP organisation in three ways: first, it directly addresses real situations by asking 'how' and 'why' questions to interviewees; secondly, it helps the researcher to analyse the data in a coherent way to obtain results in order to explain the problems; and thirdly, it assists the researcher to understand different aspects of the ADP organisation's environment such as its system, culture and behaviour (Saunders, *et al.*, 2003; Yin, 2003).

4.7.3 Research Methods used in this Research

In this research, two kinds of data are collected: primary and secondary. The primary data is collected by interviewing ADEC and ADP organisation employees in order to analyse the benefits, difficulties and core factors. The secondary data is obtained from internal and external documents including resources such as training sessions, objectives and progress plans (Tarý, 2006).

4.7.3.1 Interviews in this Research

The interview method has been chosen for its suitability for gathering information at different levels (Yin, 2003) which helps the researcher in addressing the lack of information and also in clarifying the situation within the ADP organisation at the macro level, as explained in the theoretical framework adopted for this research. According to Saunders *et al.* (2003), semi-structured interviews are often used in qualitative research. Therefore, this type of interview is considered most suitable in the present case to explore the behaviour of ADEC and ADP organisation employees. The interviewer has the freedom to choose between using the questions listed or other questions to clarify the data. Furthermore, it allows the researcher to seek other data which is not mentioned in the questions (Saunders *et al.*, 2003).

Twenty interviewees were interviewed. They were the associate members of different levels and also belong to various groups within the organisation. Two of them were executive level members from ADEC, two were leaders of two entities that are supervised by ADEC. Also, five were mid-level officers and eleven were subordinate level members within ADP. The first group of executive level members have an important effect on the organisation. They make decisions, guide and lead the organisation, and plan and affect the change process. The mid-level members directly supervise the lower ranking staff and have considerable information regarding their feelings and employee behaviour.

The last group comprises subordinate level members or staff. The interviews were based on exploring their attitudes and manners within the context of management. The duration of interviews was approximately two hours. To sum up, the interviews explored the circumstances of the implementation of MACH in the ADP organisation. Most of the interviewees belonged to different departments and sections, including finance, strategic, human resources, audit and recruitment.

4.7.3.2 Other Sources of Data

The previous section discussed the main research method (i.e. interview). However, there are other sources of data that were used to collect data during the research for the purpose of enhancing the quality of the data and extend it to past actions and events within the organisation. There are two such sources of data: observation and documentation, the latter comprising internal and external documents which had been selected. The internal sources include documents on the organisation's strategy, its structure, key performance indicators, the organisation's website, intranet, annual reports, emails, organisation policy, minutes of meetings, posters, training programmes and performance reports (Scapens, 1990).

In the ADP organisation case study, the official website was reviewed in order to explore the type of information related to the research objectives. The ADP organisation also has an intranet network that facilitated the researcher in finding relevant information during the entire research process. Moreover, it contains some examples of employee's thoughts and ideas regarding various issues, especially related to the improvement that the ADP organisation is looking for. Annual reports were collected

and reviewed in order to analyse the progress in implementing the new accounting system. Some emails relating to the change process and MACH implementation were also reviewed. Samples of minutes of meetings were collected from a number of departments, especially those dealing with the strategy formulation. The ADP organisation displays its values and strategy at its HQ and in its departments. The Human Resource Department offered training programmes from 2007 to 2010 to analyse and clarify the roles of the employees in dealing with the change process required by ADEC. Finally, performance reports were gathered and analysed in depth.

The external sources include documents written by external parties that contain information about the organisation; for example, in newspapers, general magazines, specialist journals, auditors' reports and public documents. In this research, archival reports from newspapers, magazines, and journals were gathered and reviewed. Auditors' reports also formed part of the review process. The final source of data was observation, carried out during field work. The interactions of the ADP organisation's employees in some sections were observed in relation to the change process (Yin, 1994; Collier, 2001).

4.7.3.3 Case Studies in this Research

The research aims to explain why the Abu Dhabi local government was subject to an organisational change programme and to understand how management accounting responded to it. These aims require the explanation of a number of issues. First, the research interpretive perspective was investigated, as discussed in section 4.5.3. In addition, the suitability of the interpretive research in the public sector allows the researcher to contribute to knowledge in alternative management accounting research as a result of the real nature of this perspective. It is linked to social contexts, rather than technical aspects of accounting tools (Covaleski *et al.*, 1996; Baxter and Chua, 2003).

Moreover, the interpretive perspective influences the ontological and epistemological assumptions. This arises by implementing the theoretical framework, employing the case study approach and making logical assumptions. Thus, institution theory is an appropriate framework which enhances the interpretive perspective in accounting research. This leads to an exploration of subjective social reality as a description of the meaning of action and facts in the social world and of the meaning that could be given

to human action. It is argued that accounting data and information are to be considered objective facts; however, these actions are based on such information. For example, decision-making is essentially believed to be subjective (Hopper and Powell, 1985; Covalleski *et al.*, 1996; Baxter and Chua, 2003). This discussion supports the choice of case study as one type of qualitative methodology for this research. This research therefore adopts the case study approach to an examination of management accounting change in the public sector, taking the Abu Dhabi local government and more specifically the ADP organisation, which it examines as the case study.

4.7.3.4 Overview of the Case Study

This section presents brief background information about the organisation studied in this research. More detailed information is provided in Chapter 5. In order to clarify the position of the ADP organisation in relation to government levels, information about UAE regimes and ministries is given.

The United Arab Emirates (UAE) is a federal state with seven constituent emirates i.e. Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Quwain, Ras Al-Khaimah and Fujairah. The UAE is based on two-tier government regime such as local and federate. The federate regime provides services to all the emirates through its Ministry of Interior. On the other hand, each emirate has its own government which provides services locally. Since the establishment of the UAE in 1971, it has assigned and authorised its ministries, authorities, and local government for the provision of services to inhabitants and expatriates. Today, the country has grown extensively due to many reasons such as oil exploration, infrastructure developments etc. Accordingly, the government of the UAE has realised that it is essential for the country to reform the structure and core systems within the public sector in order to ensure the provision of quality services (Ministry of Information & Culture, 2005).

Abu Dhabi is the capital of the UAE and in 2007, its local government realised that the emirate needs to change its national strategy to get hold over entire activities in public sector organisation in order to improve their performance. The Chairman of the Executive Council was the responsible authority for improving the performance of public entities. He settled a vision of making Abu Dhabi a chief player in business and international tourism (Abu Dhabi Local Government Agenda, 2007).

Although the Federal Ministry of the Interior supervises all local police services in the UAE, the ADP organisation is supervised and controlled locally by the Executive Council of Abu Dhabi. Therefore, the ADP organisation has a significant role in implementing the national plan of the ADEC, which requires it to achieve certain key performance indicators (KPIs) (Abu Dhabi Local Government Agenda, 2007). The concept of the KPI is new to ADEC, so the implementation of a new accounting system was postponed until 2009 to allow time to address any resistance or dissatisfaction which might arise as a result of organisational change (Local Government Agenda, 2007). In addition, Chapter 5 provides detailed information regarding the United Arab Emirates, Abu Dhabi Emirate and the Abu Dhabi police.

4.7.4 Summary of the Research Methods

Table 4.3 presents a summary of the research methods employed by the researcher in the current study.

Table 4.3 – Summary of the research methods

Research Method	Employed/Not	Reason
Semi-structured Interviews	Yes	<input type="checkbox"/> The research needs detailed investigations and in-depth information <input type="checkbox"/> Whilst using this type of interview, the interviewer can change the sequence of the questions according to the situation <input type="checkbox"/> the researcher has the freedom to select questions from the list and also to seek other data informally
Case studies	Yes	<input type="checkbox"/> They focus directly on real situations by addressing ‘how’ and ‘why’ questions to interviewees <input type="checkbox"/> They help the researcher to analyse data in a coherent way to obtain results in order to explain the problems <input type="checkbox"/> In this research, the case study assists the researcher in

4.8 Study Sample

According to Creswell (2007), drawing samples of the study from the population is an important activity in order to conduct particular research. In this research, 20 professionals were chosen within Abu Dhabi city for the purpose of interviews, 2 being from ADEC government, 1 from another entity and 17 from the ADP organisation. These professionals were chosen on the basis of two reasons: (1) the implemented framework requires interviewees of different levels; (2) interviewees should belong to the organization that is the subject of the case study in order to understand the role and effect of change processes within the organization. Each interview took approximately two hours and the interviews were conducted in 2011 from April to June. A total of 40% of interviews were recorded because they were conducted in English. The rest of the interviews were not recorded as they were in Arabic, but they were translated into English afterwards.

The decision to choose ADEC and the ADP organisation was also based on some reasons. It was important to conduct the research on accounting change as there is a very little literature available in Arabic and Middle East cultures. ADEC and ADP are the organisations who are implementing change processes so they were the best choices for the researcher. Also, it was believed that the researcher could obtain sufficient data and information on accounting change from these organisations.

4.8.1 Profiles of Interviewees

In this research, a number of interviewees were selected on the grounds of three levels: the economic and political level, organizational field level, and organizational level. On the basis of economic and political levels, two interviewees were chosen from ADEC, both of which were responsible for co-coordinating and supervising the implementation of change processes introduced within Abu Dhabi Emirate. Moreover, in the organisational field, one interviewee was selected from the ADP organisation who was also a member of the ADEC committee. A total of 17 members who were responsible

for different functions in the ADP organisation were chosen on the organisational basis. Table 4.4 presents a summary of the profiles of interviewees based on the framework levels, gender, position, qualification and experience.

Table 4.4 – Profiles of interviewees

Category	Sub-Categories	Frequency
Framework levels	Economic and Political level	2
	Organisational field level	1
	Organisational level	17
Position	Top manager	3
	Middle manager	4
	Lower manager	2
	Advisors	3
	Staff	8
Gender	Male	18
	Female	2
Qualification	Secondary school	3
	Bachelor	10
	Master	7
Experience	Less than 5 years	3
	Between 5 – 10 years	4
	Between 11 – 15 years	3
	Between 16 – 20 years	4
	More than 20 years	6

The table shows that 10% interviewees were interviewed on the basis of economic and political levels, 5% were related to the organisational field, and 85% were selected from the organisational level. From the perspective of position, the table indicates that 15% of interviewees were top managers including a top manager from organisational field level, 20% were middle managers including two middle managers from ADEC, 10% were lower managers, 15% were advisors, and finally 40% were staff from different functional departments of the ADP.

Also, from the gender perspective, the table shows that the majority of interviewees were male, representing 90% of the total sample, and the remaining 10% were female. Regarding the qualifications of

interviewees, 15% had a secondary qualification, 50% held a bachelor degree, and the remaining 35% were master degree holders. The experience category demonstrates a variety of information. The table shows that 15% of interviewees had less than 5 years' experience, 20% had between 5 and 10 years, 15% had between 11 to 15 years, 20% had experience between 16 and 20 years, and the remaining 30% had more than 20 years of experience.

4.9 Data Analysis

The framework chosen for data analysis is focused on three levels: the economic and political level, the organisational field level and the organisational level. The ADP is a complex organisation so the qualitative data offers much information. Also, qualitative data is sometimes not easy to analyse and requires matching it to the quantitative data (Collis and Hussey, 2003). Therefore, a framework consisting of six phases, as proposed by Creswell (2003), was employed to analyse qualitative data which was collected by means of in-depth interviews. These six steps comprised organising data, obtaining a general sense, coding, generating a description, data representation, and interpretation.

4.10 Research Ethics

Research ethics include the application of the basic code of ethical standards whilst conducting any research using a number of research methods and approaches in order to collect particular data or information (Israel and Hay, 2006). As discussed earlier, semi-structured in-depth interviews were the basic research method used in this research for the purpose of collecting primary data. The use of interviews is very common in qualitative research and also subject to scrutiny by ethical committees. The main ethical issue while conducting interviews is not to harm or damage the interviewee in any way. During the interviews, the researcher followed a set of basic principles provided by Gray (2004):

- To ensure the confidentiality of the interviewee;
- The interview can be abandoned if an interviewee becomes distressed;

- To ensure not to force an interviewee to answer a particular answer if he/she is not willing;
- It is always a good practice to inform the interviewee about when, where and, if possible, how the interview will be conducted;
- The interviewer must be able to help or guide interviewee if he/she is unsure about answering any question.

Research ethics are an essential part of the research and must be considered continuously throughout the research process. In some cases, it is necessary for the researcher to prove to an ethical committee or board that the research meets all the principles and standards of the research. Heberlein (2003) talked about three inherent issues regarding research ethics: (1) ethical issues in acquiring essential data/information from the participants; (2) issues of sensitivity and responsibility when handling confidential data; and (3) issues of safety and protection of sensitive data. Based on these ethical issues, the researcher in this study followed the fundamental ethical criteria shown below:

- To give respect to interviewees on the grounds of fairness and humanity;
- To respect the interviewees in terms of human dignity, caring, and special protection against abuse;
- To avoid providing any false information during the interview and promote ethical communication throughout the interview process;
- To inform the participants before recording their voices while conducting interviews;
- To ensure that the acquired information will not be used against any individual, agency, or institution;
- To ensure that no wrong or inappropriate data collection method is used;
- To fully inform the respondents/interviewees about the main purpose and key objectives of the research.

4.11 Conclusion

This chapter has achieved its aim by providing a clear and comprehensive picture of the methodology employed for the current research. This detailed explanation aimed to enhance understanding of the effective application of the methods employed in order to investigate the critical factors that are located at different institutional levels and their role in the implementation of management accounting change in the ADP.

The chapter discussed the aim and objectives of the research. In addition, it explained the research question related to the Abu Dhabi government, including the ADP. Moreover, the research methodology and philosophy were explored and an interpretive approach was selected with an explanation that was presented. Furthermore, a qualitative approach was selected and the research methods were chosen, namely the ADP case study based on the interview method and document analysis. Finally, the justification for the selected methods was addressed.

The next chapter explains in depth the research case study, beginning by presenting an overview of the United Arab Emirates. Subsequently, in-depth information about Abu Dhabi is presented to enhance understanding of the main influences that led Abu Dhabi to be a focus for change and accounting change. Then, the Abu Dhabi Police, as a case study, are investigated by discussing several aspects of the role they play in order to clarify the nature of the organisation. Finally, the chapter explains theoretical frameworks in management accounting change and the selected framework that was adopted in this research, along with justifications for this choice.

Chapter 5: Background of the Case Study

5.1 Introduction

This chapter presents an overview of the case study by providing detailed information regarding the environment in which the research was carried out in order to increase understanding of the location and situation of the case study.

The chapter begins by presenting a general background of the United Arab Emirates (UAE) including many aspects, namely: geography, location, size, cities, population and history. Also, the vision, ministries, economic, political and social aspects of the United Arab Emirates is explained. After consideration of the UAE, this chapter provides an overview of Abu Dhabi Emirate, as a capital of the UAE and as a local government that supervises strategic change, and includes the main aspects of history, geography, location, size, cities, population, vision and economic growth. Moreover, the crime rates, government structure and the national EFQM awards are discussed. Finally, the chapter presents in-depth information concerning the case study which is the Abu Dhabi Police. This includes the history of Abu Dhabi Police including four main stages, the main services of Abu Dhabi Police, main Departments of Abu Dhabi Police and the strategy and quality of Abu Dhabi Police.

5.2 Background of the UAE

The United Arab Emirates comprises seven emirates, each with its own ruler. The federal government is a constitutional republic headed by a president and council of ministers. The UAE federation has nearly 8% reserves of the world's proven crude oil.

5.2.1 Geography, Location, Size, Cities and Population

The UAE is located in South-west Asia bordered by Saudi Arabia to the south and west, Oman to east, and Iran to north, covering an area of about 82,820 square kilometres (31,976 square miles) (Encyclopaedia of the Nation, 2012). The location of the UAE is important because it is situated near the Strait of Hormuz which is a vital transit point of world crude oil. The federation lies between 22°50' and 26° north latitude and between 51° and 56°25' east longitude. The UAE has a great influence on the states of Qatar and Bahrain in terms of oil transportation (UAE Year Book, 2010).

In 2011, the population of the UAE was nearly 7.2 million and it is estimated that it will grow by 5.6% each year. The latest data from the World Bank shows about 7.9 million population of the country, where 84 percent of the population lives in urban areas. The most popular and largest cities of the federation are Abu Dhabi, Dubai and Sharjah. These cities collectively accounted for 8.4 percent of the total population (UAE Year Book, 2010).

5.2.2 History of the United Arab Emirates

Arabian Peninsula sheikhdoms, along with the Arabian Gulf and north-western groups, formed the United Arab Emirates in AD 630 (UAE Embassy, 2012). The basic history of the UAE belongs to the principles of Islam in terms of law, trade, and culture. The people of sheikdom became pirates after its disintegration. In the early 19th century,

these pirates threatened Oman and Muscat and forced the involvement of the British, resulting in a partial truce in 1820 which became a permanent truce in 1853. The region was known as the Pirate Coast and was subsequently renamed the Trucial Coast (UAE Year Book, 2010). The British managed and protected the nine Trucial states very effectively, but they failed to officially administer them as a colony and consequently moved from the Arabian Gulf in 1971. After that, the UAE federation was formed comprising seven Trucial States, Oman and Bahrain declining to join the federation (UAE Year Book, 2010). Between 1994 and 1995, the federation signed two military defence contracts: one with the United States and other with France (UAE Year Book, 2010).

5.2.3 UAE Vision, Mission, and Strategic Objectives

The vision is “to realize the interests of the UAE and its citizens through a distinct foreign policy that promotes stability, security, and development” (UAE Year Book, 2010) and the mission of the federation is “to advance the strategic, economic and political interests of the UAE through effective diplomacy and provide excellence in consular assistance and protection for our Citizens abroad” (UAE Year Book, 2010).

The strategy of the United Arab Emirates is based on a particular set of principles by putting citizens first and promotes an ambitious, modern, lean, progressive and accountable government. The seven strategic objectives of the federation that guide government work are as follow:

- Promoting successful planning and enforcement to bring improvement in the role of Federal Entities in terms of developing effective regulations and sound policies;
- Developing and improving excellent harmonisation and collaboration among local governments and Federal Entities;
- Encouraging customer-based high quality and integrated government services;
- Developing future leaders by investing more in human resource capabilities;
- Establishing leverage dynamic partnerships and encouraging effective resource management within Federal Entities;

- Increasing transparency and developing a responsible governance system throughout the Federal Entities;
- Pursuing excellent culture in the course of strategic ideas, improvement, stable performance, and greater outcomes.

Source: UAE Year Book (2010)

5.2.4 UAE Ministries

The United Arab Emirates has several ministries, namely the Ministry of Defence, Ministry of Finance, Ministry of Interior, Ministry of Presidential Affairs, Ministry of Education, Ministry of Higher Education and Scientific Research, Ministry of Public Works, Ministry of Economy, Ministry of Foreign Trade, Ministry of Justice, Ministry of Energy, Ministry of Labour, Ministry of Cabinet Affairs, Ministry of Social Affairs, Ministry of State for FNC Affairs, Ministry of Health, Ministry of Environment and Water, and Ministry of Culture, Youth, and Community Development (UAE Interact, 2012).

5.2.5 Economic Structure and Growth

During 2009, the country produced approximately 3.3 percent of the world's crude oil. Abu Dhabi and Dubai play eminent roles in the economic growth of the UAE. Abu Dhabi is traditionally rich with oil, whereas Dubai is popular because of its modern ambience in terms of buildings, tourism, rail and financial services, even it lacks oil resources (Matabadal, 2012). For the past few decades, an open economy system, global finance and oil resources have been the key drivers of economic growth in the UAE. The government of the UAE is well established and developed successful economic strategies in the past. A diversified strategy of the government resulted in 25 percent of GDP increase in 2010 in the hydrocarbons sector. But in contrast, the open economy system has caused some problems such as the emergence of the financial crisis of 2008-2009 when the real estate, manufacturing, hospitality, retail and financial service sectors were adversely affected.

The overall economic growth and performance of the UAE is improving after the recovery from recession in 2010, as shown in Figure 1. Figure 2 illustrates growth per sector and it clearly shows how the hydrocarbon sector was hit by the recession and is currently passing through a recovery stage.

Figure 5.1 – UAE growth performance

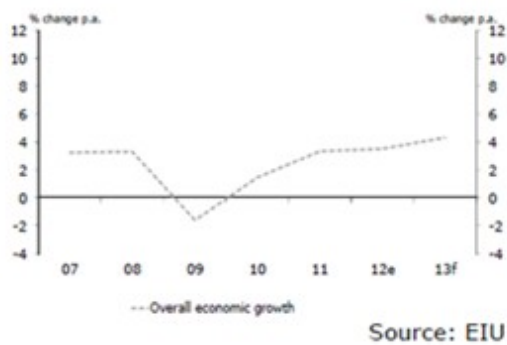
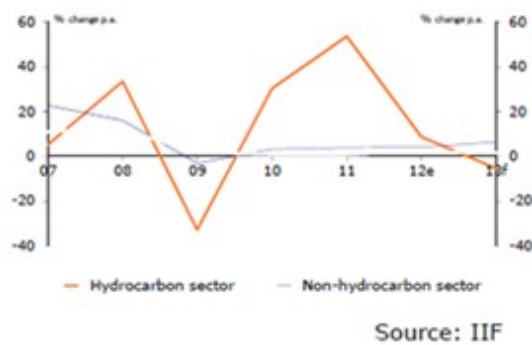


Figure 5.2 – UAE growth per sector



Adapted from: (Matabadal, 2012)

It is estimated that the economic growth of the UAE will remain based on the hydrocarbon sector, whereas economic diversification is in progress as well. There are no income taxes in the UAE, but international banks and some particular multinational organisations pay ‘charges’. Following the UK tax system, a broader taxation system based on VAT and income tax is under consideration at the moment (UAE Year Book, 2010; Matabadal, 2012).

The trade balance is the key pillar of economic growth, which is expected to achieve a surplus of 16.4 percent of GDP in 2012. The economic records show large trade surpluses from oil exports accounted for 15% to 26% of GDP in the last five years (Matabadal, 2012). Figure 5.3 demonstrates the GDP detail of public debts and budget balances. The annual inflationary pressures are low in the country, ranging from nearly 12 percent in the boom years to 1 to 2 percent since the global crisis. Rent is one of the major factors that kept the inflation level low. Figure 5.4 shows the expected level of inflation in 2012 and 2013.

Figure 5.3 – UAE public finances

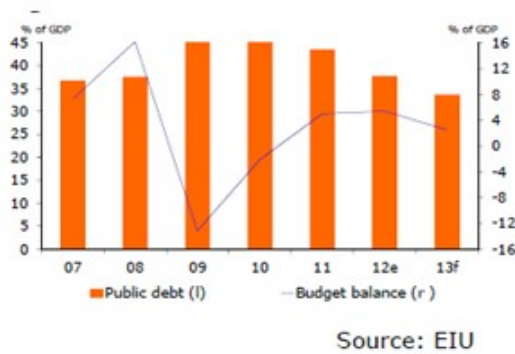
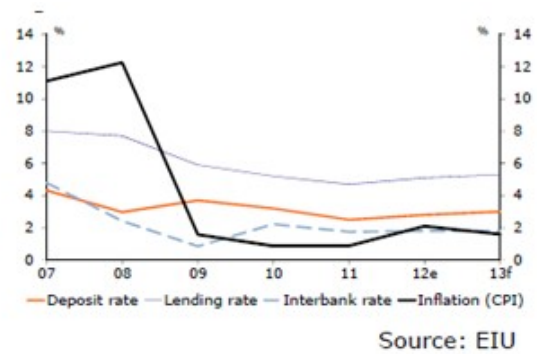


Figure 5.4 – UAE interest rate and inflation



Adapted from: (Matabadal, 2012)

5.2.6 Political and Social Situation

The UAE has maintained political stability since 1971 and no imminent disturbance is reported to date. Even the recent political turmoil in the Arab world has hardly touched the UAE. In fact, the political system of the federation is steady (Matabadal, 2012).

Social and economic factors such as redundancy or unemployment, increasing food prices, and decreasing levels of growth are insignificant in the UAE and they have no contribution to the unrest in the country (Matabadal, 2012). The core reason for this could be the small national population which accounts for only 15 percent and enjoys a high living standard. In addition, citizens also enjoy social and financial benefits such as housing support and social security. The unemployment among citizens is as high as 14 percent because almost 85 percent of the workforces are expatriates (Matabadal, 2012). Another reason for high unemployment among citizens is the ‘Emiratisation’ concept which is based on the promises of government and authorities in providing high food subsidies, wage rises, and public investments (UAE Year Book, 2010).

Conversely, the federation maintains good strategic relationships with the USA and other major Western countries, but trade, security and investment attentions are now gradually moving towards emerging Asian countries such as China and India (AMB Country Risk Report, 2012). The figure 5.5 shows economic, political, and financial

system risks of the United Arab Emirates. Other important facts and figures about the United Arab Emirates are shown in Appendix A.

Figure 5.5 – Economic, political, and financial system risks of UAE



Adapted from: AMB Country Risk Report (2011)

5.2.7 Crime Rates and Tourism

According to the UAE Year Book (2010), the UAE has a relatively low crime rate as compared to other highly industrialised countries. Details regarding some common crimes are included in this section. The Department of Foreign Affairs and Trade (2012) of Australia mentioned a threat of terrorism in the UAE, especially in Dubai, due to a large number of international arrivals. In addition, cyber crimes, i.e. hacking activities, have increased by 300% from 2002 to now and the UAE is considered as one of the most vulnerable countries for attack by white-collar hackers for bribery, fraud and stealing funds (Salinger, 2004). Besides, property and violent crimes are rare (UAE Year Book, 2010). The report of Interpol data revealed that the rate of murders has increased from 0.78 to 2.99 per 100,000 inhabitants (UAE Year Book, 2010).

The United Arab Emirates is popular as an ideal tourist place for holidays. The country, particularly Dubai, has attracted many tourists from the entire world because of its welcoming and safe environment, modern infrastructure, top class restaurants and hotels, and natural environment, including sea, sand, sun and sports. Euromonitor ranked Dubai at 7th position, having attracted nearly 7.8 million tourists in 2009 and this number is expected to double by 2015 (Euromonitor International, 2011). However, Arabia Business ranks Dubai 1st in terms of luxury homes in the world (Sambidge, 2009).

5.2.8 EFQM in UAE

The European Foundation for Quality Management (ADAEP, 2012), Excellence Model is a dynamic framework for organisational management systems which is devised for the intention of helping companies to become more competitive in the local and global business environments. The model has been used by 30,000 European organisations in order to improve business performance. According to 84 percent of EFQM members, the model did work for them (ADAEP, 2012). The EFQM model is reviewed and updated on a regular basis. The last time it was updated and published was in 2010. The excellence framework can be used in four ways: (1) to help organisations in deciding whether they are following the right path in achieving excellence; (2) to provide valuable techniques and a common language to allow stakeholders in exchanging innovative ideas and useful information within and outside the organisation; (3) to assimilate present and planned activities and schedules in improving organisational productivity; and (4) to make available a fundamental structure and guidelines for the organisational management system (UAE Year Book, 2010).

Several UAE organisations and ministries are registered for EFQM membership. Table 5.1 shows a sector-wise list of these organisations.

Table 5.1 – Sector-wise list of EFQM organisations

Organisation	Sector
Abu Dhabi Council for Economic Development	Public sector
Abu Dhabi Food Control Authority	Public sector
Abu Dhabi Municipality	Government / Local authorities
Abu Dhabi Police	Public sector
Department of Municipal Affairs, Emirates of Abu Dhabi	Government / Local authorities
Dubai Airport Free Zone Authority	Public sector
Dubai Chamber of Commerce & Industry	Association
Dubai Electricity & Water Authority	Energy / Utilities
Dubai Government Excellence Programme	Public sector
Dubai Media Incorporated	Media / Entertainment
Dubai Police	Public sector
Emirates Identity Authority	Government / Local authorities
Ministry of Culture, Youth and Community Development	Government / Local authorities
Office of Abu Dhabi Excellence Programme (ADEP)	Public sector
Organisation and Development Department-Ministry of Presidential Affairs	Government / Local authorities
Roads & Transport Authority (RTA)	Government / Local authorities
United Arab Emirates Ministry of Interior	Government / Local authorities

Source: EFQM (2012b)

5.3 Background of Abu Dhabi

5.3.1 History of Abu Dhabi

In 1761, Abu Dhabi was occupied by Bedouin of the Bani Yas tribe. Initially, the tribe settled in Liwa Oasis, but then one of the most influential families in the tribe ‘Al-Nahyan’ moved to Abu Dhabi in 1793. The town then started to expand quickly, especially during the peak days of the pearl trade. In order to protect Abu Dhabi in 1892, the ruler of the emirate, Sheikh Zayed bin Mohammad Al-Nahyan, joined the Trucial State, realising the importance of the protectorate of Britain. In 1909, the prosperity and power of the emirate declined with the demise of Zayed bin Mohammad.

The demise of the pearl industry at the same time also contributed to the downturn (Abu Dhabi Municipality, 2012).

In 1958, the discovery of oil changed everything and consequently Abu Dhabi became one of the most developed and modern emirates within the region. Sheikh Zayed bin Sultan Al-Nahyan utilised his vast diplomatic skills in developing Abu Dhabi and the emirate became the most popular and important city of the UAE. He died in 2004 and currently his oldest son, Sheikh Khalifa bin Zayed, is ruling Abu Dhabi (UAE Year Book, 2010).

5.3.2 Geography, Location, Size, and Population

Abu Dhabi is the largest city and a capital of the UAE on the basis of size and population (World Gazetteer, 2008). Geographically, the emirate is located on a T-shaped island in the north-eastern part of the Arabian Gulf on the Arabian Peninsula. The total area of Abu Dhabi is 67,340 square kilometres which accounts for more than 85 percent of the entire UAE land area (UAE Year Book, 2010). In 2011, the population of the emirate was 2.9 million and it is estimated that it will grow by 5.4 percent in the next five years (UAE Year Book, 2010).

5.3.3 Importance and Performance

Today, Abu Dhabi is known as a well-developed and rapidly growing city of the UAE. Abu Dhabi is politically stable and economically vibrant with a modern building infrastructure. The emirate has strong international relationships in terms of oil exports and due to its reputation at international level it has achieved global city status. With the possession of 8 to 10 percent of the world's crude oil reserves, Abu Dhabi produces around 90% of oil in the UAE. On the basis of this, it is the wealthiest emirate of the federation and also provides more stable finances as compared to high-rolling Dubai (UAE Year Book, 2010). Apart from oil, the emirate also has 5 percent of the world's gas reserves. The income generated from the export of oil and gas is mainly invested in infrastructural activities in order to modernise the city. In addition, a major part of the revenue generated from the oil and gas sector directly goes into reserve accounts. The economy of the emirate is and will remain oil-dependent and the revenue generated

from the oil sector enables Abu Dhabi to hold overseas assets worth nearly US\$600–US\$650 billion (UAE Year Book, 2010).

The Abu Dhabi International Airport is one of the best airports in the world, in terms of ease of use, and it ranks top in the Arab world. The airport helps businesspeople and tourists to go to an immense array of emirates and international destinations within an eight hour radius of the city (UAE Year Book, 2010).

There are no taxes in Abu Dhabi at personal and corporate levels. Also, an open economy system, no trade barriers, comparatively low or no import duties, and no foreign exchange controls encouraged investors, businesspeople, and employees to work and establish businesses in the city. Abu Dhabi is the base of the country's vital financial institutions. For example, the Central Bank of the UAE and the Securities Exchange are situated in the emirate. Similarly, the headquarters of many multinational companies are also located in Abu Dhabi.

Due to the importance and modernisation of the city, the emirate hosted around 1.2m tourists in 2005 and it is estimated that the number will increase to 3m by 2015. Therefore, the government is paying considerable attention to building several 4 and 5-star hotels and a new cultural district (UAE Year Book, 2010).

Abu Dhabi is also concerned with the development of developing countries in the Arab, Asian, and African worlds. The Abu Dhabi Fund for Development (ADFD) was established in 1971 to help underdeveloped countries by providing funds, grants, loans and technical assistance. Up until 2007, the organisation had funded around 240 projects in 55 countries by giving them nearly US\$15 billion. Most of this money (nearly 81%) is given in aid to Arab countries, while 9.5% of funds have gone to Asian countries and African countries received around 7% (UAE Year Book, 2010).

The container terminals of the main cargo port of Abu Dhabi, Mina Zayid, have the capacity to handle more than 300,000 20-foot equivalent units. In 2006, the government of Abu Dhabi declared a plan to construct another port, namely Khalifa Port at Al-

Taweelah, with an estimated cost of US\$2.2 billion (UAE Year Book, 2010). The first phase of the port is now almost completed and the burden of Mina Zayid is gradually moving to Khalifa Port.

5.3.4 Vision, Mission, and Strategic Objectives

The vision of Abu Dhabi is to “ensure a superior quality of life and a sustainable environment for Abu Dhabi residents”, while the mission is “to deliver best-in-class efficient and customer-centric municipal services by engaging with our communities” (Abu Dhabi Municipality, 2012).

In mid-2008, the Secretary General of the Executive Council of Abu Dhabi announced the new strategic planning approach of the government which was primarily based on three things: integrated long-term planning, advanced government development policy and performance management (Economic Development Policy, 2010). It was a two years planning process that covered 26 government entities of Abu Dhabi. The core purpose of the strategic planning process was to set directions for the government works in order to achieve its vision, in addition, to making Abu Dhabi a perfect place for residents, tourists and international workers.

According to the Secretary General of the Executive Council of Abu Dhabi, government bodies must ensure the following set of rules to implement their strategic plans:

- Ensure to work as a single body by adapting a single message and ensure its divisional parts are fully harmonised and standardised;
- Ensure to adopt a participative approach;
- Ensure transparency, honesty, and openness;
- Ensure continuous performance and improvement.

5.3.5 Economic Growth and the Strategic Plan

There are no taxes in Abu Dhabi at personal and corporate levels. Some other factors have a propensity for economic growth is an open economic system, no trade barriers,

comparatively low or no import duties, and no foreign exchange controls. The oil and gas industries are the major GDP contributors, but over the years, the emirate is also keen to diversify its economy by investing in the tourism and financial services sectors. In 2008, the emirate contributed 56.5 percent to the GDP of the UAE (UAE Year Book, 2010). The per capita income of Abu Dhabi is one of the best in the world, at approximately US\$ 64,265. It is estimated that this number will increase up to US\$ 66,090 in 2012 and the GDP will reach around US\$ 204 billion (UAE Year Book, 2010). The overall economic growth rate of Abu Dhabi was 15.9 percent in 2010, as shown in the table below.

Table 5.2 – Overall economic growth rate of Abu Dhabi

2009	GDP at Current Prices (million AED)	546,476
	Oil share in GDP (%)	49%
	Per capita GDP (000 AED)	332.5
	Fixed Capital Formation (million AED)	79,840
	Foreign Direct Investment (million AED), 2007	31,465
	Oil, Gas and Oil Products Exports (million AED), 2008	384,854
	Non - Oil Exports (million AED)	9,500.8
	Re-exports (million AED)	8,694.2
	Imports (million AED)	93,872.2
	Inflation Rate (%)	0.78%
2010	GDP at Current Prices (Million AED)	620,316
	GDP Growth Rate	15.9%
	Oil Share in GDP	49.7%
	Per Capita GDP (Thousand AED)	315.3
	Fixed Capital Formation (Million AED)	177,467
	Foreign Direct Investment (Million AED)	278,105.4
	Oil, Gas and Oil Products Exports (Million AED), 2009	202,437
	Non-oil Exports (Million AED)	11,610.9
	Re-exports (Million AED)	10,991.7
	Imports (Million AED)	86,574.1
	Inflation Rate (%)	3.1%

Source: Statistical Yearbook of Abu Dhabi (2011)

The table shows that the GDP at current prices in 2009 increased by 11.8% rate in 2010, while the percentage of GDP of oil share also increased from 49% to 49.7%. A small

decrease of 5.2% in per capita is shown in 2010 as well. The table also demonstrates a large decline (nearly 47.4%) in the exports of oil and gas products, but on the other hand, exports of non-oil products and re-exports increased by 18.2% and 20.9% respectively. The imports of Abu Dhabi declined by 7.8% in 2010 and the inflation rate went up from 0.78% to 3.1% in 2010. However, the overall economic growth rate of Abu Dhabi increased by 15.9% in 2010.

Abu Dhabi's economy has recovered well from the effects of the recession and the organisations and people appear more confident. This is in fact the great achievement of the emirate because many developed countries across the world are still facing economic downturn due to the impact of the financial crisis. However, Abu Dhabi's economy has shown enormous flexibility and solidity during recession. Abu Dhabi's economy grew at a 4.5% rate in 2011 and is expected to grow by 4 to 5 percent in the next two to three years (Economic Development Policy, 2010). The government is now concentrating on diversifying the economy by paying more attention towards the education, healthcare and tourism sectors.

The government of Abu Dhabi has developed numerous successful strategic plans in the past for the growth of the economy. The main idea behind these plans was to diversify the economy away from oil, ensuring transparency and creating opportunities for overseas investments (Economic Development Policy, 2010). 'Abu Dhabi Economic Vision 2030' is one such government programme which was developed by the Abu Dhabi Council for Economic Development (ADCE) with the co-operation of the General Secretariat of Executive Council (GSEC) and the Department of Planning and Economy (DPE). In addition, several other government and private sector entities also worked jointly to produce the Abu Dhabi Economic Vision 2030.

The key purpose of the programme is to achieve efficient transformation of Abu Dhabi's economic base and produce excellent results which benefit all stakeholders (Department of Planning and Economy, 2008). The report highlighted two main areas of concern for the development of Abu Dhabi's economy: (1) building a sustainable economy; and (2) ensuring a reasonable combination of economic and social development approaches in order to obtain remarkable results (UAE Year Book, 2010). The report proposed that the economy of Abu Dhabi will challenge the recession in the next six years and will grow at 6% to 7% rate per annum. The report also forecasted an

increase in foreign investment levels over the next 21 years and consequently the GDP will rise more than five times during that time (Economic Development Policy, 2010). In addition, the introduction of the statistical base in the UAE for the purpose of measuring performance will also result in lifting GDP.

Due to efficient diversification plans and policies, the economic growth of the non-oil sector of Abu Dhabi is expected to reach 7% of the total GDP by 2015 (Billing, 2009) and 50% of the total by 2028 (Economic Development Policy, 2010). Besides, the unemployment rate of the citizen population will also diminish to 5%. Although, Abu Dhabi's economy is one of the most oil-reliant economies in the Gulf region, economic plans and policies based on diversification are also encouraging (UAE Year Book, 2010). The Abu Dhabi Economic Vision 2030 is interesting and significant to all stakeholders in public and private sectors who are concerned with the issues of development in Abu Dhabi (Department of Planning and Economy, 2008).

5.3.6 Crime Rates

In a press release in January 2010, the Regional Security Office (RSO) of the US Embassy in Abu Dhabi reported that the crime rate of the emirate is medium based (US Embassy Abu Dhabi, 2010). However, Abu Dhabi does not reveal actual statistics about crime rates in the city. According to RSO, the crime rate, especially thefts, has increased over the years because expatriates comprise a large amount of the population (i.e. 80%). In fact, the city is very safe for travellers and very few incidents have been reported over the past few decades. Property crimes and violent crimes rarely occurred in the past (UAE Year Book, 2010). As compared to other emirates of the federation, the homicide rate appears to be significantly lower, but it has increased within Asian expatriate groups (OSAC, 2011), several reports indicating that numerous crimes took place in the work camps.

The information section of the Abu Dhabi Directorate reveals that the percentage of crimes has declined over the years. The number of crimes reported in Abu Dhabi's police stations in 2009 was 6,490. The number decreased to 28.8% and remained at 4,618 in 2010 (The Nation, 2011). On the other hand, according to the estimate of OSAC (2011), the crime rate is expected to increase in the coming years due to an increase in the expatriate population. Although, the crime rate of the emirate is

extremely low, the government and authorities are very much concerned with the prevention of crime in upcoming years (UAE Year Book, 2010).

5.3.7 Government Structure and System

The United Arab Emirates comprises seven emirates, namely Abu Dhabi, Dubai, Sharjah, Ras al-Khaimah, Fujairah, Ajman, and Umm al-Quwain. Each emirate has its own government to drive, control and monitor the entire affairs and activities of the emirate. Abu Dhabi is the capital of the UAE and has its own central government. Sheikh Mohammed bin Zayed from the Al Nahyan family is the Crown Prince of Abu Dhabi who controls and monitors several local departments and ministries. There are some independent agencies that have powers to take particular decisions, namely: Abu Dhabi Health Authority, Abu Dhabi Tourism Authority, Abu Dhabi Environmental Agency and the Abu Dhabi Authority for Culture and Heritage (UAE Interact, 2012).

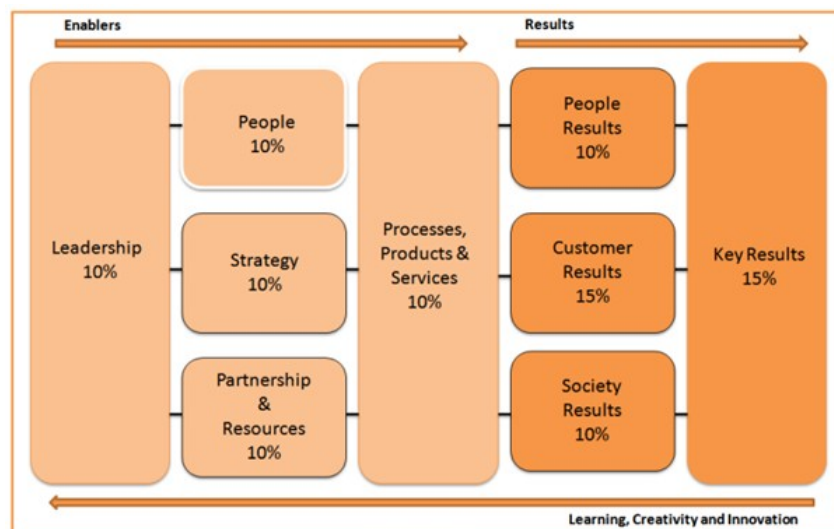
Abu Dhabi is divided into three main regions: Abu Dhabi city, Al-Gharbia, and Eastern Region. These regions are headed by the representatives of the current ruler. The city of Abu Dhabi is the capital of the federation and all major government and foreign institutions such as Presidency Headquarter, Embassies, Federal Ministries, and the Cabinet are situated within the city. Abu Dhabi city is administered by Abu Dhabi Municipality. The National Consultative Council of Abu Dhabi has over 60 members. These members are chosen from the major influential families and tribes of the emirate.

The ministries are equivalent to government departments which are supervised by the Executive Council. In this regard, numerous areas and activities are administered, including education, health, environment, food control, culture and heritage, and other important activities ranging from economic development to pensions. The Executive Council has a central role in Abu Dhabi's government structure and continuously monitors the development and growth of the projects sponsored by the government. The Council is composed of the Executive Affairs Authority (EAA), the Executive Committee and the subcommittees, and the General Secretariat of the Executive Council (GSEC). The EAA is accountable to provide advice to the chairman of the Executive Council of Abu Dhabi regarding strategic policies whereas GSEC is a directorial body that proposes strategic public policies and procedures to be decided on by the Council (Abu Dhabi Government, 2012).

5.3.8 EFQM Awards

The UAE has carried out many Excellence Programmes and Awards over the years. With regard to Abu Dhabi, the General Secretariat of the Executive Council (2011) has created a particular excellence award offered for participation to all public administrations of the emirate (ADAEP, 2012). This award is known as the ‘Abu Dhabi award for Excellence in Government Performance’. The award has a number of recognition levels (i.e. 3 stars to 5 stars) based on the EFQM Excellence Model. As compared to numerous management tools and techniques, EFQM helps the organisations to determine how different tools and techniques can be used jointly to develop sustainable excellence based on the requirements of the firms. The EFQM model uses nine criteria “to analyse the cause and effect relationships between what your organisation does and the results you achieved” (ADAEP, 2012). The criteria are divided into two broad categories: results and enablers. The ‘enabler’ describes what a firm does and how it does it, while ‘results’ explains what an organisation achieves (ADAEP, 2012). The EFQM Model is illustrated in the figure 5.6, showing the 9 criteria of the model.

Figure 5.6 – EFQM 9 criteria model



The EFQM Excellence Model represented in the diagram above is a non-prescriptive framework based on nine criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organization does. The 'Results' criteria cover what an organization achieves and how it does it. 'Results' are caused by 'Enablers' and 'Enablers' are improved using feedback from 'Results'.

Source: ADAEP (2012, p. 10)

This model is for every organisation, regardless of its type, but it is essential to use it in an efficient way. Not all organisations achieve success; some fail, a few achieve partial

success, and only a small number of firms achieve sustainable success with desired results. According to ADAEP (2012), “*excellent organisations achieve and sustain superior levels of performance that meet or exceed the expectations of all their stakeholders*” (p. 3).

The main purpose of the formulation of the EFQM Excellence Model was to guide organisations on how to achieve sustainable success. This is realised in the course of three integrated components: the Fundamental Concepts of Excellence, the EFQM Excellence Model, and RADAR logic (ADAEP, 2012). The Fundamental Concepts of Excellence are the basic standards which are vital for any organisation to achieve sustainable success, while EFQM is a framework that assists firms to put fundamental concepts and RADAR logic into practice. In addition, RADAR logic is a multipurpose assessment tool and a leading management framework that helps the organisations to address and overcome critical issues in order to achieve sustainable excellence. The correct use of the combination of these three tools allows organisations to develop a coherent system that provides a proposed strategy for the firms. The latest version of the EFQM Excellence Model addresses current as well as future issues or challenges for any organisation (ADAEP, 2012).

Each year, Abu Dhabi invites all public administrations to participate in the ‘Abu Dhabi award for Excellence in Government Performance’. These administrations are required to prepare a submission document to participate in the award. In this document, firms demonstrate how they are utilising 32 sub-criteria of the EFQM model by classifying them into nine categories (ADAEP, 2012).

5.4 Abu Dhabi Police

Abu Dhabi Police is the key agency that is accountable for law enforcement in the Emirate of Abu Dhabi. The entire police force works under the supervision of His Highness General Sheikh Saif Bin Zayed Al Nahyan, the Deputy Prime Minister and Minister of Interior. The police are mainly responsible for reinforcing criminal law, improving community safety, upholding order, and maintaining peace and harmony throughout the Emirate. Abu Dhabi Police is the representative authority of the Ministry of Interior and works intimately with local, national and global agencies to sustain harmony and peace within the Emirate. In order to improve excellence, the actions and

working methods are based on continuous evaluation and benchmarking. The vision of Abu Dhabi Police is “to provide high standard policing services to sustain safety and security for all citizens, expatriates and visitors (Abu Dhabi Police, 2008a).

5.4.1. History of Abu Dhabi Police

The Abu Dhabi Police was established in 1957 when the ruler of Abu Dhabi was Sheikh Shakbutbin Al Nahyan. Since its establishment, it has passed through different historical stages (Abu Dhabi Police, 2008a) and has been recognized by six different names as shown in table 5.3.

Table 5.3 – Different names of Abu Dhabi police in the last 55 years

Period	Name
1957 to 1966	Department of Police and Public Security
1967 to 1971	Command of Police and Public Security
1971 to 1977	Local Ministry of Interior (Abu Dhabi Police)
1977 to 1984	General Directorate of Police
1984 to 2004	General Directorate of Abu Dhabi Police
2004 to present	General Headquarters of Abu Dhabi Police

The development and growth of Abu Dhabi Police can be described in four primary stages: foundation stage, building stage, progressive stage, and modernization, qualitative and strategic development stage. These stages are described in the following subsections.

5.4.1.1 Foundation Stage

The era of the foundation stage was from 1957 to 1966. In 1957, the police force was established with 80 police officers and by the end of 1959; the number of police officers had increased to 150. At that time, the major responsibilities of the police were protecting banks, markets and royal locations (Abu Dhabi Police, 2008a).

5.4.1.2 Building Stage

In November 1971, the ordinance was passed by H.H Sheikh Zayed Bin Sultan Al Nahyan to identify the government apparatus through the formation of numerous Ministries and Council of Ministries in Abu Dhabi. The Abu Dhabi Police became a

local Ministry of Interior and was therefore given the responsibility for handling several important issues of the Ministry. The core responsibility of Abu Dhabi Police at that time was to ensure safety and constancy by upholding peace and harmony throughout the emirate (Abu Dhabi Police, 2008a).

5.4.1.3 Progressive Stage

This stage specifically involved the development and merger of Abu Dhabi Police into the Federal Ministry of Interior. At the end of 1979, the Interior Minister, His Highness Sheikh Mubarak Bin Mohamed Al Nahyan declared the merger of Abu Dhabi Police into the Federal Ministry of Interior. It was also declared that the Abu Dhabi Police would be treated as a General Directorate and therefore would work closely with the federal security and police forces in association with the Ministry of Interior (Abu Dhabi Police, 2008a).

5.4.1.4 Modernisation and Strategic Development Stage

This era represents the modernization and strategic development of Abu Dhabi Police from 1995 to the present day. This stage particularly deals with the modernization and expansion of Abu Dhabi police and security forces in the search for optimal performance. In 1995, the responsibility of General Commander of Police was given to His Highness General Sheikh Saif Bin Zayed Al Nahyan. He proposed two five-year plans for the growth of the Abu Dhabi Police. The first five year plan (2003 - 2008) was concerned with the modernization of Abu Dhabi Police and the second plan (2008 - 2012) addressed strategic development. The main targets of these five year plans were the expansion and restructuring of the police and security forces. The restructuring process was primarily focused on employee development and acquiring the latest technology to provide the best possible security, safety and quality of life for the inhabitants (Abu Dhabi Police, 2008a; Abu Dhabi Police, 2008b).

5.4.2 Main Services of Abu Dhabi Police

The main services of Abu Dhabi Police can be classified into seven major groups: traffic and licensing, reporting and circulation, certificates and clearances, government entities and business, Abu Dhabi police employee services, e-services, and other services which include digital board awareness and a traffic points rehabilitation programme (Abu Dhabi Police, 2008b).

5.4.2.1 Traffic and Licensing

The traffic and licensing service of Abu Dhabi Police mainly deals with the issuance, replacement, renewal, transfer, retrieval, and re-activation of driving licenses. In addition, the services relate to vehicle registration, re-registration, issuance, replacement, transfer, ownership, write-off, conversion, export, change of number plate, clearance, loss, and request for painting and repair papers (Abu Dhabi Police, 2008b).

5.4.2.2 Reporting and Circulation

The reporting and circulation service of Abu Dhabi police is based on handling complaints related to items lost and found, small accidents and severe accidents, criminal offences, and rescue and ambulance (Abu Dhabi Police, 2008b). Abu Dhabi Police keeps records of lost/found goods at airports and offers a service to hand over items to their original owners upon request. The small and severe accident service enables police to quickly reach an accident spot and to secure the roads, as well as to ensure the safety of others.

5.4.2.3 Certificates and Clearances

The Abu Dhabi Police provide three types of services with regard to certificates and clearance: permission to use specific car parks, reporting property damage from traffic accidents, and issuance of security permits (Abu Dhabi Police, 2008b). The Abu Dhabi Police can be contacted if permission is required to use specific car parks on special occasions.

5.4.2.4 Abu Dhabi Police Employees Services

Abu Dhabi Police offer a number of services to their employees. These services consist of nursery registration of officers' children, summer training for the officers' children, sports activities for members of the Ministry of Interior and Abu Dhabi Police, medical and health consultation facilities for the employees, and vaccination and disease prevention campaigns (Abu Dhabi Police, 2008b).

5.4.2.5 E-Services

The e-services of Abu Dhabi Police are composed of three main services: e-enquiry and fines payment system, automatic answering system, and automatic payment machines (Abu Dhabi Police, 2008a; Abu Dhabi Police, 2008b). The e-enquiry and traffic fines payment system has recently been implemented in all the emirates of the UAE. This system saves the public's time and effort in paying fines, by allowing the use of credit or debit cards in less than five minutes. In addition, it allows inhabitants to inquire about traffic offences (Abu Dhabi Police, 2008b).

5.4.3 Main Departments of Abu Dhabi Police

The General Directorate is the key department of Abu Dhabi Police that works in co-ordination with other public and private entities to achieve and uphold a safer society by reducing crimes and feelings of lack of confidence and trust in police. The vision of the department is "to help ensure that Abu Dhabi remains one of the safest societies in the world by providing high quality policing services to those who live, work and visit the Emirate" (Abu Dhabi Police, 2008a). To achieve this vision, the mission of the department is "to bring about a safer society to maintain stability, reduce crime and contribute to the delivery of justice in a way which secures and maintains public confidence". The branches of the General Directorate department are as follows: the General Directorate for Finance and Services, the General Directorate for Human Resources, the General Directorate for Policing Operations, the General Directorate for Central Operations, the General Directorate for Guards and Establishments Protections, the General Directorate for Security Affairs and Ports, and the General Directorate of Traffic Police Department. The total number of civil

defence, ambulance, and border security employees of Abu Dhabi Police is 36,000, with 12,500 frontline staff (Abu Dhabi Police, 2008a).

5.4.4 Strategy and Quality of Abu Dhabi Police

Abu Dhabi Police leadership has always been dedicated to promoting the excellence of the police and security forces. The Interior Minister, His Highness Lieutenant General Sheikh Saif Bin Zayed Al Nahyan, has made some revolutionary changes in the Abu Dhabi Police and security forces to confront a range of opportunities, challenges and trends. He recognized the fact that increasing the number of police officers is not the solution to resolving the problems. Similarly, responding rapidly in emergency situations is a short-term strategy which is not enough to meet the future needs of the society. In fact, developing innovative strategies and policies in the quest to improve performance is the actual way to handle critical issues (Abu Dhabi Police, 2008b).

In order to increase the performance and productivity of the police and security forces, H.H General Sheikh Saif Bin Zayed Al Nahyan proposed two five-year plans. The first five year plan (2004 - 2008) was concerned with the modernization of Abu Dhabi Police and the second plan (2008 - 2012) addressed strategic development. These strategic plans indicate the importance of the departmental approach to policing in conjunction with the restructuring process (Abu Dhabi Police, 2008b). Both plans addressed several operational issues regarding departmental restructuring. In this regard, the most prominent issues were employee management, latest technology acquisition, and providing optimal security to the community. It is strongly believed by the authorities that an employee with specialised knowledge and skills can help them to implement strategic plans in an effective way. In addition, competent employees can actively affect a quantum leap in carrying out crucial projects and enhancing the quality in all management aspects. Similarly, acquisition of the latest technology can facilitate police monitoring and control of illegal activities throughout the Emirate. Lastly, the provision of best possible security level to the community is important in terms of achieving public confidence (Abu Dhabi Police, 2008b).

The Interior Minister, His Highness Lieutenant General Sheikh Saif Bin Zayed Al Nahyan, has put into practice a variety of measures to minimize the crime rate in the emirate of Abu Dhabi. To achieve this, a number of projects were carried out

throughout the last decade. For example, in 2002 a rehabilitation process for police and security forces was initiated by the Ministry of Interior by establishing rehabilitation centers at different locations in Abu Dhabi. Similarly, between 2003 and 2004 several community-based police projects and social support centers were established to improve the quality of life in the Emirate. At the end of 2005, a special project, namely the “iris scan project”, was initiated to counter the burning issue of child jockeys in camel races. All these projects were successful in bringing quality to the operations of the Abu Dhabi Police (Abu Dhabi Police, 2008b).

The General Secretary of Deputy Prime Minister, His Highness stresses the importance of implementing the Total Quality Management (TQM) system in policing at organisational level rather than focusing on only one aspect or department (Abu Dhabi Police, 2008b). This means that the development and restructuring process must include the following: the alteration of the internal system of police; reformation of the human resource department to enhance employee skills and competencies; minimizing the operational costs; ease of procedures; varying financial resources; utilizing advanced technology; and finally achieving public confidence and satisfaction against services rendered (Abu Dhabi Police, 2008a).

Also, the role of the Interior Minister, His Highness Lieutenant General Sheikh Saif Bin Zayed Al Nahyan was clear at the support of effective leadership is very important in the process of putting into practice a strategic plan in alignment with contiguous situations and the nature of organisations. In addition, to promote the culture of optimal performance amongst police and security employees, the changing roles and responsibilities, as well as commencement of new systems, are the crucial decisions which need to be taken by the authorities (Abu Dhabi Police, 2008b). In this regard, Abu Dhabi Police constantly update their strategic plans based on internal and external analysis (Abu Dhabi Police, 2008b).

5.5 Conclusion of the chapter

This chapter has provided a comprehensive picture of the case study in particular, including an explanation of the environmental aspects that surround Abu Dhabi Police. The chapter presented the country where the case study is located by investigating the main aspects of

the United Arab Emirates, exploring those aspects and presenting important information regarding the geography, location, size, cities, population, history, the vision, ministries, as well as economic, political and social aspects. This information provides an insight into the competitive environment and developmental challenges.

Then, this chapter provided an in-depth investigation into the capital of the United Arab Emirates, Abu Dhabi. Abu Dhabi's history, geography, location, size, cities, population, vision and economic growth were described. Finally, the Abu Dhabi Police, as a case study, were investigated by providing a history that clarifies the four main stages that ADP witnessed. Those stages were as follows: foundation stage; building stage; progressive stage; and modernization and strategic development stage. Also, the main services, main departments and strategy and quality of the Abu Dhabi Police were addressed.

The next chapter discusses the case study results by presenting the interview findings and document findings. These findings are organised according to the research framework.

Chapter 6: Research Results: A Case Study

6.1 Introduction

The previous chapter explained the background of the case study and provided an overview regarding the UAE. The present chapter provides the findings of the interview and document analysis methods that were deployed in this research, based on the research framework, namely the Dillard *et al.* (2004) model. The first section presents the interview analysis by explaining the profile of interviewees and research results. The research results from interview method are organised and presented based on the Dillard *et al.* (2004) framework which contains three institutional levels: the economic and political level, organisational field level and organisational level. This model provides a rich insight into the critical factors and the location of these factors within the institutional levels (Dillard *et al.*, 2004). Also, the factors that arose from the interview findings are discussed based on the interviewees' levels. Then, the second section explains the document findings which are related to different sources. All eight documents that were selected are official and cover different institutional levels. Therefore, they are presented in a similar way to the interview findings by using the Dillard *et al.* (2004) model.

6.2 Interview Analysis

This section focuses on presenting an analysis of the qualitative findings that were gathered from interviews conducted with 20 interviewees. Those interviewees were from different levels within institutional levels. Also, the interviews were conducted with employees who had different specializations, such as leaders, managers, advisors and staff. The reasons behind this variety of interviewees are related to enhancing the quality of interview findings

and gaining clear insights into their views and experiences. Moreover, it increased the understating of why and how ADP implemented the strategic change and how the ADP's management accounting change responded, if at all.

The section begins with a profile of the interviewees. Then, the search results are presented by explaining the three institutional levels. Next, the economic and political level, which is related to ADEC, is investigated by explaining the legitimating grounds, representational schema and domination perspective. After that, the responses and feedback from the organisations topic is explained. Also, the role of agency in a change programme is addressed. In addition, the events that accompany the change process are presented. Moreover, the nature of the selected accounting system from ADEC is provided. Following this, critical factors at the economic and political level that were raised from interview analysis, namely, structure, leadership, culture, the ADEC team and resources, are explored and analyzed.

The next level, the organizational field level, is presented with explanations of the following: legitimating grounds; representational schema and domination perspective; the role of agency; the events that accompany the change process; criteria for choosing the accounting system; and the critical factors at the organisational field level.

The final level for consideration is the organisational level and the same aspects that were mentioned regarding the organisational field level are discussed: legitimating grounds; representational schema and domination perspective; the role of agency; the events that accompany the change process; criteria for choosing the accounting system; and the critical factors at the organisational level.

6.2.1 Profile of interviewees

The framework that has been chosen to analyse data focuses on three levels: the economic and political level, organisational field level and organisational level. In this research, a number of interviewees were selected from the economic and political level, organisational field level and organisational level. Also, interviewees were chosen from different levels within the organisational level in order to gain a clear insight into the organisation.

In the economic and political level there were two interviewees from ADEC who were responsible for coordinating and supervising the implementation of the change process that was introduced within Abu Dhabi Emirate. Moreover, in the organisational field level there was one interviewee from ADP who was also a member of the ADEC committee.

In the organisational level they were 17 interviewees from different levels within the organisational structure and from different functions within ADP. Three interviewees were advisors in the ADP and mainly in the strategic department. Also, three officers and staff who deal with ADEC requirements and diffuse them within ADP, with the support of advisors, were working in the strategic department. Six interviewees were managers, including top, middle and lower managers, who work within ADP. Finally, five officers and staff were operational workers within ADP.

Table 6.1 shows a summary of interviewees' profiles based on their framework level, position, gender, qualification and experience.

Table 6.1 – Interviewee profiles

Category	Sub-Categories	Frequency
Framework levels	Economic and political level	2
	Organisational field level	2

Position	Organisational level	16
	Top manager	3
	Middle manager	4
	Lower manager	2
	Advisors	3
	Staff	8
Gender	Male	18
	Female	2
Qualification	Secondary school	3
	Bachelor	10
	Master	7
Experience	Less than 5 years	3
	Between 5 – 10 years	4
	Between 11 – 15 years	3
	Between 16 – 20 years	4
	More than 20 years	6

The above table indicates various categories that assist the quality of data analysis. Therefore, the table shows that the framework levels contain 10% of interviewees located in the economic and political level, 10% located in the organisational field level and 80% located in the organisational level. Moreover, from the perspective of position, the table indicates that 15% of interviewees were top managers, including a top manager from the organisational field level, 20% were middle managers, including two middle managers from ADEC, 10% were lower managers, 15% were advisors and 40% were staff from different functions within ADP.

Also, from the gender perspective, the table shows that the majority of interviewees were male comprising 90% of the sample of interviewees, while only 10% were female. Regarding the qualifications of interviewees, the table shows that 15% had a secondary qualification, 50% had a bachelor degree and 35% had a master degree. Furthermore, the experience perspective shows the number of years of experience for each interviewee and the table identifies that 15% had less than 5 years, 20% had between 5 to 10 years, 15% had between 11 to 15 years, 20% had between 16 to 20 years and 30% had more than 20 years of experience.

In addition, the interviewees who were interviewed and presented in this chapter were coded by numbers [R1 – R20].

6.2.2 Research Results

The decision to instigate the change process in 2007 was taken from the highest authority in Abu Dhabi Emirate, the Abu Dhabi Executive Council. ADEC called for a national and comprehensive strategy for all 34 entities with consideration regarding the nature of each entity. It held a general workshop to announce the policy blue print and main agenda that was to be taken into consideration when each entity set their strategy plan and its performance measurements.

In the next subsection, the research will explain the empirical data based on the Dillard model, including an explanation of why Abu Dhabi has been subject to change. Also, the roles and events that occur in each level will be displayed. Furthermore, the research will consider the critical factors that arise from the empirical data at each level.

6.2.3 Economic and Political Level

In this level, the research investigates the three dimensions that relate to the highest level of institutional levels which have an influence on the organisations. The interviewees were questioned about the factors that are located in this level and had an impact on levels below, namely the organisational field level and organisational level. The following subsection clarifies these factors (Dillard, *et al.*, 2004).

6.2.3.1 Legitimizing grounds PE

The norms, values and regulation are the core aspects of the legitimization grounds. In 2007, ADEC set a clear agenda that identified the five crucial foundations that should be taken into consideration by entities in Abu Dhabi Emirate. Those foundations cover the main

areas of the core business of government services which are delivered by the entities. Also, the agenda explained the blueprint for excellence and efficiency in providing the services to the community within Abu Dhabi.

Some interviewees from ADEC, in their explanation of ADEC's agenda, mentioned that:

"This agenda contains 17 goals and they are classified under the 5 aspects of economic, social, environment, infrastructures and government excellence" [R1, R14].

ADEC had announced in 2007 details of the strategy plan, including performance measures. The majority of Abu Dhabi's entities used to focus on their financial measures only, without giving any attention to non-financial measures. Also, the culture of the strategic plan was still in its early stages. Therefore, this announcement had a massive impact, drawing attention to Abu Dhabi's determination to implement a comprehensive change plan on its entities. This announcement was in the second half of 2007 and it was made in a ceremonial way, with all the leaders and managers within entities invited. Also, partnerships and formal guests were invited too. One interviewee from ADEC explains this ceremony:

"The announcement of strategic change in Abu Dhabi was introduced in a large hall in Abu Dhabi. I can tell you it was very useful and great. You can see, all leaders had been gathered in the same space at the same time to hear the same message. So, you can be sure that all of them were on the same ship that was guided by ADEC towards Abu Dhabi's vision and achieving the same strategic goal" [R1].

Also, another interviewee from ADP mentioned that:

"I attended this ceremony; it was simple, clear and assisted the culture of partnership. I understood where Abu Dhabi wanted to be

and how that could be achieved. Also, you can see that every entity should be involved and have its role on this journey” [R7].

At the beginning of 2007, there were several meetings and workshops held between the ADEC team, including their consultants, and the entities in order to explain in depth the foundations of the ADEC agenda and the role of each entity in setting a strategic plan within the agenda frame. There was a framework to set the strategy plan, including the following: vision, mission, values, strategic goals, strategic measures, initiatives and its KPIs. According to an interviewee from ADEC:

“Abu Dhabi, in 2007, started to have its comprehensive vision and general agenda for the strategic plans. Also the performance management framework and accounting system for performance were set. It was based on making links between all organisations and authorities in order to control and monitor the performance in one methodology and one reporting system and all focusing on achieving the Abu Dhabi objectives. For this reason we came up with a policy agenda and the first version started in 2007 and 2008, then was updated in 2009, which was called policy agenda 2030” [R1].

According to the group of interviewees, each organisation had its own responsibility to set its strategic plan and its objectives; also those objectives were to be linked to the outcomes, as can be seen from these responses:

“Therefore, this new way was added by this framework in order to reflect on the strategic plan required from every organisation and authority, of which there are 34 organizations, when they planned their strategic plan and selected their strategic objectives or priorities. Then those objectives were linked to the outcomes”[R1].

"ADEC is seeking for the outcomes and values that every objective that is set by organisations should clarify how it can add value and the implemented framework should assist this process"[R12].

"Many organisations in designing their strategy plan were focusing on adding value for only their field; however, ADEC announced that each of the entities should take into consideration when setting the strategic plan stage that it linked to the ADEC outcomes and values in order to achieve the ADEC vision"[R11].

The above comments lead to raising the question of how ADEC has guaranteed that each organisation's strategy plan is linked to ADEC's desired outcomes. ADEC took the responsibility for setting the policy that guides the organisations with regard to setting their strategic plans. One interviewee from ADEC argued that:

"The important question is how we can guarantee that those strategic objectives are connected to the governments' outcomes. There is no clear method that facilitates this, so we share the strategic objectives by providing the template and policy from us, ADEC, and their task is to prepare their objectives according to what they have been asked. Then we review those objectives in order to make sure they lead to achieving the outcomes that are required" [R1].

Also, another interviewee from ADEC went further, by explaining the advantage of the framework that had been implemented, stating that:

"This framework, for the first time, provides two benefits. Firstly, it sets one language between all organisations; secondly, it sets one definition for the strategy planning process which assists the co-ordination between the organisations at the same level" [R14].

It is useful to mention that ADEC focuses on developing and improving the services and activities rather than focusing on finding mistakes. At the beginning of implementation of the strategic change, ADEC passed a clear message that explained the reason for this change and where it should lead, as well as the reasons for deploying their framework. One interviewee from ADEC stated that:

"The main message for all organisations about this framework is that it is not to find mistakes, rather it is to develop and improve the services or activities. Moreover, the effective leading of the allocated resources could facilitate the accounting change implementation. Also, we don't like them to worry about the culture of red color because the red color may explain a shortage of resources such as human or financial; therefore we work together to provide the needs. Moreover, it is difficult for everything to be green so we need from them to be realistic" [R1].

6.2.3.2 Representational schema PE

In this aspect, the nature of ADEC's role in implementing the accounting system on its entities has been described clearly and the interviewees at this level agree about its coercive implementation with co-ordination. One interviewee from ADEC explained that:

"The implementation was coercive for all organisations. Also, there was an official order from ADEC to all organisations to implement those systems and they were promised to be supported by us" [R1].

Another interviewee had same view and he stated that:

"As long as ADEC is responsible for all its entities, the healthy role is leading them and supervising their response to change processes that are required and controlled by ADEC; and it is preferred that this is done in a co-operative way and that we listen and share with them" [R14].

In order to clarify the actual role of ADEC in this change process, the interviewees at the economic and political level were asked about the role of ADEC in this strategic change process and whether it focuses on financial aspects. The responses were as follows:

"Actually, we prepared a General policy agenda for 2007 and 2008 and it was the guide for all the government. Also, it was a one vision and in 2009 we updated it to become the 2030 vision" [R1].

"The ADEC strategy is now focusing on values rather than the financial aspect. The financial aspect is the last issue and ADEC plan to add values to employees and change cultural attitudes" [R14].

In this regard, ADEC has set KPIs that control the performance and link to the organisation level as a result of cascading the strategic plan. One interviewee from ADEC argued that:

"After that, we would like to measure the improvement and we have two things. Firstly, in the organisational level we have KPIs and for each priority that is set by an organisation they should provide KPIs for this priority. Also, they should publish quarterly reports that explain the achievement. Secondly, we did KPIs for outcomes at Government level (political and social level) and there are reports on a quarterly basis and the publisher is the owner or the champion of these outcomes"[R14].

Also, one interviewee mentioned the understanding of ADEC regarding the challenges of the new and massive change that began to be implemented on Abu Dhabi entities and how it was delivered within Abu Dhabi, stating that:

"Those goals are big in their scope and entities should be cascading them to achievable goals which are the 17 goals that are mentioned above and 74 outcomes which show the strategic objectives for the government in total"[R1].

According to one interviewee from ADEC, ADEC has a crucial role in supervising this change process, with a clear policy that gives ADEC the authority to evaluate the objectives, asking for reasons and approving or rejecting some initiatives. He argued that:

"Also, in order to organize this process, each initiative is subject to evaluation from us and we consider whether it is important or duplicated. After that, if we approve the initiative it goes to the Authority of Finance to get the budget. Next, the initiatives in action

are subject to evaluation and there are quarterly reports to explain the achievements"[R14].

Moreover, ADEC set a process to monitor and evaluate the performance for all its entities. With regard this, two interviewees stated that:

"As I mentioned, there is an evaluation on a quarterly basis and at the end of the year we have a major assessment in order to develop the new strategic plan for the new year based on developing the initiatives and KPIs" [R14].

"Also, this framework organizes the reporting deadline for all organisations" [R1].

The previous statements from ADEC were supported by one interviewee who is an advisor in ADP; he stated that:

"In summary, I believe the big achievement is having a comprehensive framework in the last 3 years for performance management in ADEC and Abu Dhabi's organisations that controls all issues from the top down to the smaller objectives or KPIs" [R11].

According to the previous explanations of the interview findings, it clear that ADEC have a clear role at the economic and political level. Also, it can be said that ADEC support the culture of partnership between its entities and have established a new concept in Abu Dhabi that is called performance contract and gives authority to the leaders to implement the strategy plan, while at the same time, they are governed and accountable for the organisation's performance. Moreover, it is important to mention that there are two types of KPIs: specific and common. The specific KPIs are related to the core business and the nature of the organisation; on the other hand, the common KPIs are imposed by ADEC and are required from all Abu Dhabi's entities. One interviewee clarified this issue and explained the role of ADEC at the economic and political level:

"Also, in order to improve and support the concept of accountability, in 2009 the General Secretary came up with a performance contract which is signed between ADEC and the organisation in order to put the organisation in an accountable and responsible position for some of the organisation's KPIs, while common KPIs are selected by ADEC even if not related to the nature of the organisation (such as training, Emiratisation). Also, it is evaluated every quarter" [R1].

6.2.3.3 Domination perspective PE

Domination perspective focuses on the institution of resource allocation; therefore, ADEC, at the economic and political level, has given attention to the availability of budget and resources for its entities. One interviewee stated that:

"This is how we work. However, the organisations in order to achieve those priorities or objectives need to implement strategic initiatives within a timeframe containing some outcomes and also required budgets or human resources. Also, through those initiatives the organisations send their financial requirements to the Authority of Finance" [R14].

Budgets and human resources are important in terms of achieving organisational objectives by implementing strategic initiatives in a timely manner. In addition to ADEC's role in leading the change process and setting an appropriate accounting system for its environment, it also has an agreement with a software company to design a programme in order to organize and share the information. One interviewee said that:

"Moreover, we signed a contract with Microsoft to develop an electronic program in order to enter the information electronically and it will assist us to be more organised. Also, it will be easy to organize and analyze the result with 4 colors" [R1].

6.2.3.3.1 The responses to feedback from organisations

This subsection clarifies the responses from ADEC to the feedback that was reported from organisations regarding the change process. According to one interviewee from ADEC:

"Actually, the framework that was implemented in organisations was developed step by step involving the organisations. So, the organisations have the opportunity to influence the framework and sometimes they have useful comments from their experience that improve the framework. Also, sometimes some organisations rejected some issues in the framework according to shortfalls or the validity of this framework" [R1].

The implementation of change process was gradually initiated by involving the organisational members in each phase of the process. In this way, the change process was easily incorporated into the lifeblood of the organisations and a single problematic factor did not influence the entire system. In addition, implementing the change process step by step and obtaining feedback after each step to approve changes helped organisations and departments to perform well in general and specific situations. This is the reason, when the researcher asked the interviewees whether the approved changes through the feedback is generalized or specified, one interviewee from ADEC stated that:

"There are some changes have been generalized as a common standard and there are some changes have been approved for a specific organisation according to specific circumstances" [R14].

6.2.3.4 Agency

The agencies have a role in the change process that was witnessed in Abu Dhabi. ADEC is the administrator of this process and it has employed several consultants in specific fields in order to facilitate

the implementation of accounting change. According to an interviewee:

"In order to make sure that we have used best practice, we hired several specialised and well known consultants and we worked with them and we shared their advice, including our entities' views, to come up with best practice that can be implemented in our environment. Also, we invited the founder of BSC in order to give a speech to the top management in all entities" [R1].

Furthermore, it was found from the interview that one of the foremost reasons to engage experts and specialised consultants from all over the world was to ensure successful implementation of accounting changes in an organisational environment by overcoming obscurities and complexities.

6.2.3.5 Events that accompany the change process

In this subsection, the events that accompany this change process at the economic and political level will be described. One interviewee from ADEC argued that:

"Actually, we had meetings one to one, workshops and reports. The organisations are involved in this process; we share with them and we get their feedback on this general policy agenda without causing a problem in the methodology of this process" [R1].

It was found that several meetings and workshops were conducted and reports were exchanged among concerned public entities to obtain their feedback on the policy agenda before initiating the change process. Moreover, ADEC at this level provided two types of support: tangible, which is budget, and intangible, as mentioned by an interviewee:

"I think it was an intangible, because each organisation has its own budget and it has the right to use it in the way they think is appropriate" [R14].

6.2.3.6 Criteria for choosing the accounting system

In this subsection, the research will clarify the accounting system that was chosen by ADEC and the criteria that were taken into consideration when selecting the accounting system.

The interviewees at this level in ADEC were asked about the type of accounting system that had been chosen to be implemented on its entities. One interviewee from ADEC mentioned that:

"The 3 models should be co-ordinated. For example, BSC is providing the framework. However, EFQM contains some requirements that you should have in order to be excellent in your services and support the framework by clarifying the gaps in specific areas such as HR, process and partnership. Also, the zero budget is a tool of budgeting which provides the effective use of the financial sources, especially as a public sector organisation doesn't make a profit" [R1].

Another interviewee from ADEC said:

"BSC is one of the famous tools in the world and its positive reputation in case studies led to taking it into consideration. Also, it facilitates the implementation of the strategic plan and strategic objective with the KPIs. So, it supports the cascading the objectives from top to bottom and vice versa. The strategic plan in the past was difficult to implement and it was just a text or list of projects. Also, the measurement of improvement and performance was unclear and I think this is one of the reasons for the failure for many strategic plans. Also, there are other accounting systems that take place at same time: EFQM and Zero Budget" [R14].

Three techniques, i.e. BSC, EFQM, and Zero Budget, were formally employed as criteria for choosing an accounting system for change purpose. The interviewees provided similar comments in favour of each technique. For example, according to them, BSC was chosen because it is the world's most famous tool for implementing strategic

plans and changes. EFQM was employed on the basis of achieving excellence in services in all areas of concern, whereas Zero Budget provided clear directions on how financial resources can be used effectively. These models/techniques were used in parallel.

After that, awareness was created and knowledge was improved through training sessions on the accounting system to guide organisational members throughout the implementation process. The planning and preparation for implementing the change process was divided into four years from 2007 to 2010. During the first year, the emphasis was to develop the performance culture without any performance contract. At the beginning of second year, a performance contract was made and updated in 2010 to observe and evaluate the impact of activities performed and results achieved. For instance, in order to clarify the process of introducing the new accounting system and how it had been cascaded, one interviewee gave an example of introducing BSC to ADEC's entities:

"At the beginning we did some educating and increasing of awareness of the accounting system. Then, we started the coaching process during the implementation. After that, we began the overseeing process because the educating and training had lasted between 2 to 3 years since it started. Now the entities should be able to sustain this culture.

In the first year, which was 2007, of implementation we focused on building the basis of performance culture rather than results and that influenced the design of the strategic plan and influenced some entities' structure in order to facilitate the implementation of the change process and accounting systems. Also, there was no performance contract in 2007 and 2008. In 2009 we introduced a performance contract and it has been updated at the end of 2010 to focus on results and outcomes rather than actions or activities. For example, the level of awareness of the environmental sustainability in an organisation is required and important rather than a number of

workshops related to this issue. In other words, being result oriented is what ADEC wanted from organisations" [R1].

However, one interviewee put forward an interesting view regarding the implementation of more than one accounting system at same time that in fact led to misunderstanding and confusion among organisational members. He explained his view about implementing more than one accounting system at the same time, stating that:

"I agree to some extent that the misunderstanding of those tools could lead to confusion. Also, some organisations asked us to recommend some of those tools to focus on it and ignore the others. The co-ordinator team in each organisation should train and share the knowledge in their organisation. Also, they should explain the target of implementing the EFQM is a diagnostic framework for the current situation comparing it with the best practice and they should work on the gap" [R1].

Another interesting issue that arose from the interview analysis is that ADEC has a clear role in setting and choosing the KPIs for its entities. However, ADEC works together with its entities in order to guarantee that the KPIs are realistic and achievable. One interviewee stated that:

"We work together and share views, taking into consideration the best practice. So, if we did it centralized by ADEC this would be a weakness and cause problems with those KPIs as a result of them not having experience in their field. Also, if we left them to set their KPIs by themselves this would lead to having easy KPIs in order to make it look as though the organisations are achieving well. So, we are in the middle by sharing their views and comparing them with the best practice" [R1].

6.2.3.7 Critical Factors at Economic and Political Level

In the following subsection, this research provides the factors that have been found from the interview analysis which are located at the economic and political level in Abu Dhabi Emirate. These factors are: structure, leadership, culture, the ADEC team and resources.

6.2.3.7.1 Structure

The organizations' structure has a role in this change process and detailed analyses will be demonstrated at the lower level of this framework. However, in the PE level there are some influences that affect the organizations' structure and the reasons behind it are stated below:

"They reviewed their structure according to two issues: firstly, regarding new enactment or policy which may add some activities or change some functions in the organisation; secondly, the strategic plan requirements (such as innovation and R&D)"[R1].

6.2.3.7.2 Leadership

Another factor that has been mentioned at PE level is leadership. The interviewees at this level emphasized the importance of the role of leadership on the change process and setting the strategic plan process. They mentioned the positive support from senior management in ADEC and its General Secretary. One interviewee from ADEC stated that:

"There are many factors that facilitate this implementation, starting with the senior management who adopt this system, including ADEC and its General Secretary" [R1].

Another interviewee supports the previous statement:

"If I am going to explain about the critical factors in facilitating this change process and the implementation of a new accounting system

on all ADEC's entities, I will say that the leaders in ADEC have a very important role in this programme" [R14].

6.2.3.7.3 Culture

The interviewees at this level agree that the culture of acceptance of change plays a great role in facilitating the change process and this includes the three institutional levels, as can be seen from these responses:

"Secondly, the majority of organisations are welcoming the introduction of this system. Also, they offer to adapt their strategic plan to fit with the BSC. Moreover, there are more than 12 organisations that used consultant companies to assist them to introduce and implement BSC in their organisations" [R1].

"During our assessment of the current situation for ADEC's entities, we found that many organisations had already had their strategy plan such as ADP since 2003, and there are some accounting systems that had taken place in some organisations which gave us a sign of acceptance of a culture for change" [R14].

According to the interviewees, there are two issues that relate to this culture: acceptance and resistance. In addition, the organisations were keen to implement new systems and some of them were already involved in the planning of new systems.

6.2.3.7.3.1 Readiness and Acceptance

As discussed above, the interviewee mentioned that there are some signs of readiness and acceptance for change from some organisations which can be seen positive issue. Also, it can be observed in the responses from the organisations during the implementation of the accounting system in ADEC's entities and its influence on employees' values. According to two interviewees from ADEC:

"Also, in my opinion, I think the performance culture and KPIs has affected positively and become a matter of common sense in Abu Dhabi organisations compared to 3 years ago. Moreover, the measurement is just a focus on the employees' appearance and their manner. There was no link between the employees' performance and the organisation strategy" [R1].

"Actually, whatever happened in the last 3 years in Abu Dhabi, many western countries haven't achieved it in same period. This is related to willingness from the government and the availability of financial and human resources" [R14].

The newly implemented system brought in several rapid changes at the organisational and national levels in the past three years since its implementation. This actually happened due to the quick and positive responses of public entities and this is the reason that the interviewee in the above statement regarded Abu Dhabi as one of the prominent cities that has adopted change quickly as compared to any other city or country across the world.

6.2.3.7.3.2 Resistance

At the economic and political level, the supervisors implementing the change process have their own point of view regarding resistance and the reasons behind it. When the researcher asked the interviewees at this level about whether there was a resistance for this change process, one interviewee argued that:

"Yes there was a resistance, but I don't think it exceeded 10% from the beginning and now as well. But this is not a scientific number and it only reflects what I have noticed. Also, I believe that it is necessary to evaluate the SWOT analysis and PESTL analysis in order to have a bigger picture of the entity and understand the historical and environmental situations.

There are several reasons for resistance. Firstly, fear of the change because the organisation issued to working in a routine that they feel is suitable for them. Also, the sudden changes in performance culture are making them feel uncomfortable. Secondly, some organisations look at this change as a new pressure, especially the performance management and strategic management aspects which are new concepts and require attending a lot of workshops to learn about those concepts and modify the activities to reach the requirements [R1].

There is always a resistance to change, but it depends on what the significance of that resistance is and how it might be challenged. It was found during the analysis that resistance did occur, but it never exceeded roughly 10%. Some reasons mentioned by the interviewees for resistance were: fear of change, pressure of change in terms of performance measurement, and learning new concepts rapidly. It was also found that a majority of organisations welcomed change to improve their services and quality by implementing the performance culture and indicators.

6.2.3.7.4 ADEC team

Another factor that arose from interview analysis was that the teams who are responsible for supervising and controlling the change process in general, and accounting system change in particular, have a role in facilitating the change process. One interviewee, when he mentioned the factors that influence the change process, stated that:

“Thirdly, I think our team, in the General Secretary, they did their best in the last 3 years and they supported the organisations in implementing this system” [R1].

6.2.3.7.5 Resources

As mentioned in subsection 5.3.5.1, regarding the tangible and intangible support that has been provided by ADEC, the availability of

resources plays a critical role in facilitating the change process. One interviewee mentioned that:

"Fourthly, the resources availability for all Abu Dhabi's organisations assists and facilitates this implementation. The resources cover both financial and human resources" [R1].

In support of this view, another interviewee expressed a similar viewpoint, stating that:

"Each organisation needs resources to be alive and the change process sometimes needs more resources or it requires reorganizing the resources; so, it is important to clarify the actual need of resources" [R14].

This shows that change was not possible without the availability of sufficient human and financial resources. Therefore, a number of resources were employed and redeployed to assist and facilitate the change process.

6.2.3.7.6 The nature of the selected accounting system

The nature of the accounting system refers to the suitability and the appropriateness of the selected accounting system for a specific organisation or group of organisations. At the interview analysis stage, it was noticed that the type of accounting system may facilitate the change or impede it. According to one interviewee:

"Finally, in my opinion there is another factor that doesn't relate to the government; that is the structure of the BSC. In the BSC concept, the organisation can explain their strategic plan in one page, which is the strategy map. Also, the implementation of KPIs has the same factors and it was required from the organisations in order to measure their performance" [R1].

The structure of the BSC in fact represents the nature of the selected accounting system and putting this system into practice will help

government entities in the future to measure their performance in effective manners. This performance measurement will consequently indicate whether change was successful or not.

6.2.4 Organisational Field Level

The organisational field level was related to the authorities that were supervised by ADEC and they implemented their own strategic plan under the general vision of Abu Dhabi Emirate. The interviewees were questioned about the type of events and circumstances that are located in this level.

Also, in this level there are two types of interviewees. The first type relates to interviewees from different entities. The reason for this relates to investigating how ADEC deal with other entities and to understanding the relation between different entities and ADP. However, the second type of interviewees were employees at the top level from ADP in order to investigate the events or relations that may have occurred during the change programme that took place in Abu Dhabi Emirate.

6.2.4.1 Legitimizing grounds

Regarding the legitimating grounds within the organisational field level, the interviewees agreed that there used to be a low level of regulations that organised the relation between all entities. However, the introduction of the national strategic plan for Abu Dhabi Emirate increased this level, leading it to become more organised and governed, as presented by the following responses:

"I witnessed the internal change programme that took place within ADP in 2003. There wasn't any clear regulation that organised the relation between all authorities in Abu Dhabi Emirate except that related to financial authority and ADEC. So, when we set our strategic

plan, we had a small number of meetings with some of the authorities trying to gain their opinion about our strategy” [R11].

The authorities therefore realised the importance of legitimating grounds for information sharing or partnership between different entities at the organisational field level.

“In 2006, we reviewed our strategic plan and we introduced a good practice that relates to partnership and we had several workshops that involved the authorities in Abu Dhabi Emirate to share with them our vision and strategic plan and it was helpful and we understood their needs. Also, we were appreciated by ADEC for this initiative and from other authorities as well” [R20].

The appreciation from ADEC and from other authorities encouraged entities to conduct several workshops involving the authorities across the UAE in order to promote their needs and ideas. This was also mentioned by an interviewee who stated that:

“ADEC introduced the common goals which meant that the responsibilities of achieving those goals were linked to more than one authority within the Emirate. So, the culture of partnership had been introduced as practice from ADEC. I think it is very good practice and had a massive positive impact on many services, such as co-ordination between the municipality and ADP’s traffic department in planning new roads or traffic signals” [R12].

The communication and information sharing among entities benefited the traffic department in terms of effective planning of new roads and traffic signals, as well as setting new legitimating grounds for co-ordination in the future.

6.2.4.2 Representational schema

In fact, the work was distributed among different entities and no single entity was mainly responsible for a particular task in the Emirate. This strategy released the work pressure and burden on a

single entity. They called this concept a 'champion of outcomes' which consisted of a number of goals to achieve the core vision of the Abu Dhabi Emirate. An interviewee mentioned it as:

"It can be said that the government had the vision, then 17 goals and next 74 outcomes. The new framework shows that those outcomes are still big to be strategic objectives for one organisation itself and they could be for 3 or 4 organisations together. So, we came up with a new concept that was called 'champion of outcomes'. For example, if a government target is related to transport, then the Authority of Transport is responsible for this champion, but it is not 100 percent responsible for it. For example, if they are responsible for increasing road safety, this links with many aspects such as engineering, cleaning and implementing the law on drivers. Also, the Authority of Transport is the leader of this target and the others are primary contributors" [R1].

In the change process that Abu Dhabi Emirate has witnessed, ADEC provided access to information for entities in order to assist them in setting a clear strategic plan that had a realistic base. One interviewee stated that:

"Also, there is a statistic centre which is called 'data source' and its role is to gather the information and statistics and provide this to any organisation that needs it" [R14].

The data centre was developed for the authorities to acquire or share information with each other regarding the update of a particular task. This strategy was also a part of the change process which helped organisations to achieve their mutual targets quickly and efficiently.

6.2.4.3 Domination perspective

Within this dimension, the interviewees were questioned about the type of practice that took place related to the institutions mainly in controlling and allocating the resources. Actually, one of interviewees

agreed that there was a lack of co-ordination between the majority of entities:

"I cannot see any clear relation between Abu Dhabi Emirate's entities and I think they work as taken for granted and every entity focuses only on its specialization and function" [R9].

However, many interviewees mentioned two types of control between all entities at this level, their arguments being as follows:

"Before this change programme started there was no clear relation between all entities within Abu Dhabi Emirate, except financial authority. Also, each entity had its responsibility to employ its required staff" [R5].

"There was no clear controlling system between the entities in Abu Dhabi Emirate. Only the financial authority had a controlling role on budgeting and financial auditing" [R7].

As soon as the change was implemented, the organisations began to realise the importance of the change process in terms of establishing relationships and coordinating with each other. Also, the level of co-ordination was increased in 2008 after the introduction of common or shared goals, as can be seen from the following responses:

"In 2007, we started to notice that the culture on solo work was no longer going to be accepted. Also, in 2008, the shared goals were introduced and they were evidence of working in partnership rather than individually" [R16].

"I am working close to the decision makers in ADP. I realize and can confirm that there was a high level of interest from our leaders in the culture of partnership. Also, I noticed that the leaders push the internal departments to consult with other entities in order to share the responsibilities and improve the services through the partnership agreements" [R15].

“In reviewing the strategic plans for all entities, ADEC found that there were a number of initiatives that could be achieved through the co-ordination between some entities which meant that there would be a saving on budget and resources; therefore, they introduced the shared goals contract which organised the responsibilities between entities and selected an owner for each initiative who supervised the implementation and measured the performance by approved KPIs” [R9].

A majority of interviewees agreed that the main controlling system was the financial control through financial authority. Also, they agreed that there was a change in the culture from working individually to the co-ordination level. Also, the partnership culture had been imposed by the government in order to reduce the resources and budget for some initiatives.

6.2.4.4 Agency

There was no clear evidence regarding whether some entities had deployed an agency in order to design and set the strategic plan, including the accounting systems. Also, ADEC had used some consultants to organize the inputs from Abu Dhabi Emirate’s entities. Moreover, those consultants assisted ADEC by setting up workshops to increase awareness of the strategic plan and finalize the strategic plan for the entities. Some interviewees were questioned about the role of an agency and they stated that:

“We didn’t have an external consultant; we just used our staff and we had some specialized advisors who assisted us to set up the strategic plan. Also, it is worth mentioning the support from ADEC who provided workshops and consultations during the pre-plan period of the implementation of the strategic plan” [R2].

A majority of organisations did not hire or consult the services of experts or an external agency. In fact, they primarily relied on ADEC and its consultants for assistance. The entities appreciate the key role

of ADEC in providing excellent support, especially in introducing EFQM, KPIs, and BSC at the beginning of the change process.

“Actually, we struggled at the beginning of this change programme, but after the ADEC support with their consultants, we understood how to set our plan and what was required from us to present it to the government. Also, this happened at the introduction of KPIs and EFQM in ADEC’s entities” [R20].

“The introduction of EFQM and BSC went, to some extent, smoothly from ADEC to its entities. We, as entities, attended several workshops and meetings that explained these accounting systems. However, at implementation we faced some difficulties related to some confusion over the systems and some related to the time of implementation” [R11]

The ADEC conducted several workshops and training programs to guide organisational members on how to effectively set a plan that could contribute to the ultimate vision of Abu Dhabi. These workshops mainly focused on providing help on implementing BSC and EFQM tools at organisational level.

6.2.4.5 Events that accompany the change process

At the organisational field level, there were some events that accompanied the strategic change and had an impact on the ADEC’s organisations. Also, there were some events that influenced the consultants and private sectors which mainly related to increasing awareness of the Abu Dhabi Emirate strategic plan.

Moreover, those events were of several types. Workshops were the main events that ADEC set up, including representatives from all 34 organisations. Those workshops focused on the improvement of partnership culture and evaluating the outcomes, especially for initiatives that had shared responsibilities between two or more

organisations. One interviewee from the strategic department explained these workshops and she stated that:

"We had a workshop with all the 34 entities regarding the partnership and outcomes ownership that were required by ADEC' [R2].

Another interviewee explained the workshops in more detail by giving an example of shared initiative, stating that:

"There were joint initiatives and joint projects. Also, there were partnership contracts, visits from other entities to share views and the methods of excellence that ADP implemented.

Also, the level of co-ordination increased and ADP invited others to workshops that were organized by ADP. Moreover, we focused on the local staff more than foreign experts. There are some examples of this co-ordination, such as the criminal standard system, crime scene system and eye prints" [R6].

During the workshops, the opinions and experiences of local staff were considered more seriously, as they were better informed about local practices and organisational culture in Abu Dhabi. This strategy, in fact, helped ADP to implement many useful systems to reduce crimes and their impact on society. Furthermore, there is another example of how the organisations were working together and had been involved as a group in this change process:

"There were a number of series of workshops and series of work groups with each of the entities. So, in the early stages, they were required to go to workshops and understand how KPIs work. Then we discussed the relevant KPIs. Also, the government published many books and detailed documents regarding the KPIs introduction and plan. At the organisation field level, the general secretary of MOI had a workshop with local press and television and explained to everybody what we were measuring" [R12].

The workshops and mutual projects were conducted on a regular basis and publishing the results of key findings in paper and electronic media was a regular practice to inform absent members and people from the private sector about the KPSs introduction and implementation.

6.2.4.6 Criteria for choosing the accounting system

In the organisational field level, those interviewed were questioned about whether there were criteria for choosing a specific accounting system. The majority of interviewees, in this level, agreed that these systems were imposed and implemented coercively on all entities within a short time. Some interviewees stated that:

"I agree that we should change our style of working to become institutionalized, especially in this competitive environment. However, in my view, that does not mean that we should implement several systems or models at one time. Actually, I found that there was a level of confusion from both the entities level and within some entities level. You could tell from our discussions in some meetings" [R20].

"If you ask me about my feeling, I can tell you that it was too much for the first time. We had not been asked for our opinion about the systems. Also, it was a 'do it, do it' style and I believe that we should have had a break to learn and improve upon the weaknesses" [R11].

There is no doubt that a number of useful workshops and training sessions were conducted and organisational members were informed about the change process in advance. However, the above comments show that some people were unhappy because the new system was imposed on them without taking their opinions into account even though they had considerable experience in the relevant fields. On the other hand, some interviewees had different opinions when they were questioned about their role and contribution to the accounting system that was implemented. Some interviewees stated that:

"I can say that ADEC was supporting the entities and we felt it in ADP. Also, we had several comments to make about the way ADEC dealt with the implementation process and they listened to us and I can confirm that there are several KPIs that were changed and they delayed the implementation of BSC for short time based on our view with accepted reasons" [R12].

"ADEC worked with the entities as a consultant and as a team at the same time. They introduced some accounting systems and we had workshops to come to an understanding of them. Also, they listened to our views and they made small changes on some issues that we thought did not fit with us. For example, they removed some KPIs from some entities" [R13].

The opinions and contribution of some people during workshops helped ADEC to introduce, implement, or remove some KPIs from the system for particular entities. This indicates how ADEC gave value to individual and group suggestions and recommendations in implementing the change.

6.2.4.7 Critical Factors at Organisational Field Level

In this section, the research discusses the findings from interviews that relate to the critical factors that were investigated within the OF level and it is related to the partnership culture that was supported by ADEC.

6.2.4.7.1 Partnership

According to the majority of interviewees, partnership is a crucial factor that facilitates the holistic strategic change in ADEC at the organisational field level. Also, the systematic involvement of the organisations assists the implementation of the national strategic plan. One interviewee clarified the importance of involving the organisations with ADP in the change process and the implementation of the EFQM model that was imposed from ADEC, he stated that:

“ADP is focusing on the partnership with all entities, agencies, departments, official bodies and the private sector as a result of the interconnected nature of the work of those bodies and their relation to reasons of security and stability and for definition of this assurance. Also, as a continuation of the General Command of Abu Dhabi police delegations of local government entities, it explained its mechanisms and plans within its journey to win the Abu Dhabi Award for Government Excellence, received by the General Manager of Human Resources and Chairman for the quality and excellence in the Abu Dhabi Police recently in the Department of Human Resources, and a delegation from the Abu Dhabi Municipality, headed by, the Director of Accounting in the presence of the Director General of Finance and Services Abu Dhabi Police. On behalf of ADP, the General Directorate of Human Resources appreciated the co-operation and effective partnership between the ADP and the Department of the Municipality in various areas of common interest, emphasizing the importance of the continued exchange of knowledge and expertise and strengthening partnerships in order to achieve the desired aspirations. He added that the gates of Abu Dhabi Police were open at any time to exchange experiences and knowledge and strengthen its co-operation with various government and private agencies, in furtherance of the development of services to the public and promote them to higher levels”[R10].

Members from some public entities like Abu Dhabi Police, Abu Dhabi Department of Municipality, and the General Directorate of Human Resources emphasised the importance of partnership among the various entities, agencies, departments, official bodies and the private sector to implement change efficiently, as well as to provide security and stability to the community. Moreover, an advisor from ADP clarified the importance of the partners’ involvements, especially in the change process of the ADP’s strategic plan, explaining that:

“Two years ago, when we started the environmental scanning for the plan, we did a survey for all entities and we came up with some information. We tried with the entities to record their views on video, but they rejected this and then we did a video script for all the information containing what they wanted from ADP and this was presented to senior officers in ADP.

This year we invited 4 of the key entities to an initiation workshop and they were: health, transport, environment agency and urban planning council. Also, as a part of that, we had a workshop with all the 34 entities regarding the partnership and outcomes ownership that is required by ADEC.

When we started to do the 2011 plan, we ran a workshop to test and to check about the flexibility of all the other entities to become involved with ADP. Also, it is an ongoing and evolutionary process and we plan to run another workshop in 2011” [R12].

Two years before implementing the change, the entities were not aware of the role of partnership and information sharing and they also rejected some proposals of ADP. However, various workshops and training sessions before and during the change process informed them about the importance of partnership required by the ADEC. As a result, numerous entities began to co-operate with ADP in implementing the revolutionary change process.

6.2.5 Organisational level

In this section, the interview findings are organised based on the Dillard model (2004) in order to explore the case study coherently.

6.2.5.1 Legitimizing grounds

The legitimization grounds of ADP are clearly related to its role of providing safety and security within Abu Dhabi city. It is an official entity within ADEC and has an official authority to implement the laws

and supervise this implementation with due consideration being given to human rights. The head of ADP, H.H. Sheik Saif bin Zayed, has the authority to control ADP as a member of ADEC. He is the first leader that called for change within ADP. He asked for a strategic plan in 2003 and this year changed the ways of working in ADP.

Moreover, the challenges that faced ADP from the internal and external environment prompted the leaders to think about the importance of change and the type of change that could improve the police service and maintain its performance. One interviewee in the secretariat of the ADP leader explained some of the reasons behind the decision to adopt the change process:

"The change seen in the Abu Dhabi Police was not a formality, but a crucial and fundamental change that included many aspects in line with global developments and designed to cope with the rapid changes in the world and the Abu Dhabi Police had to match itself to these developments and to accommodate all these variables; for example, increasing the density of human requests, the expansion of urbanization, and increasing construction facilities, and the establishment of equipment, and means to accommodate the increase and keep pace with how a modern police force should be ready to provide services in a global society. Also, it took in the consideration the increase in electronic crimes and crimes across continents, and recognized the electronic revolution that was taking place, and which requires concerted international efforts to enact binding laws between countries" [R10].

Generally, the change was necessary to cope with challenges that Abu Dhabi was facing due to the rapid development and urbanization that was taking place throughout the UAE. From Abu Dhabi Police's point of view, the change was essential in terms of providing excellence in the community with a secure and crime free environment. For this purpose, many programs and practices were studied and implemented and the change process still continues in all

aspects of policing services. One interviewee from police operations mentioned the initial process of implementing strategic change in ADP:

"In 2003, we had been asked to form a strategic department to set our strategy plan, including the initiatives. Also, we sent some officers to attend a workshop that had been organised by the strategic department regarding strategic planning. I think this internal strategic plan assisted in providing the suitable regulations and rules that facilitated the strategic change" [R8].

The change process in ADP affected many aspects in the organisation. An advisor from ADP explained the change that the organisation has witnessed, arguing that:

"I think it is a transformational change that affects the structure, culture, role and process, all of which lead to influencing the services" [R11].

The transformational process began with the initiation of change in 2003, when organisations were asked to develop their strategic plans, and for this purpose ADEC was conducting workshops on a regular basis. This change consequently brought the improvement in the services of the entities by broadening the concept of core values, routine activities and processes. This is the reason that with regard to legitimating grounds, the majority of interviewees agreed that in the early stages of ADEC's change programme, including the strategic plan, focus was mainly on values rather than technical and financial aspects. Some interviewees stated that:

"I think it focuses on values with some attention to financial aspects" [R2].

"I think it focuses on values. Also, it takes into concern, the quality of work" [R4].

"Actually, it is focusing on values, manners and excellence" [R6].

"I think it focuses on values rather than financial aspects. Also, it focuses on introducing the excellence and quality culture to be implemented on a daily basis at work" [R7].

"It is focusing on the perfection of work. Also, it starts to focus on the value of money" [R13].

The main focus was on values, but this does not mean that other aspects were ignored. In fact, the values were emphasised because they will consequently bring manners and excellence in the operations of the services of the entities which are necessary to achieve the ultimate vision of Abu Dhabi. Moreover, one interviewee went further by explaining more about the level of services that should be provided by entities and the outcomes that should be delivered, including the values. He stated that:

"I think they are talking about service delivery and the evidence of that would be the performance contract which has common KPIs that are the same for each of the entities; and then, at the top of this performance contract is service delivery, which is delivering in the long term a good quality services to Abu Dhabi Emirate.

And when you look to the outcomes or their goals, they are clear and transparent: efficient government agencies, well-motivated and trained staff, and customer service. Also, then it focuses on value for money, which is sometimes called return on investment. So, we started on the main aims and now they focus on how much it is costing and what we gain from it" [R12].

The performance of services mainly includes a performance contract with common KPIs for each entity in order to improve the level of services. This can be achieved through the joint efforts of entities and their staff by emphasizing value of money.

6.2.5.2 Representational schema

ADP started the change process generally, and particularly in accounting, before the majority of Abu Dhabi's entities and before the ADEC calls for change. In 2003, raising awareness of strategic change in ADP had started and many workshops and seminars had already been held. In 2005, the concept of performance management was raised, as a logical process that had been planned, and the culture of KPIs was brought up. This process included the definition of performance management and performance indicators, how KPIs are designed, what they can do with the information and how they could control performance. One interviewee stated that:

"The notion and will for change had already come from inside ADP itself. Also, it started from the Minister of Interior, especially with the implementation of structure change in 2003 that took place in the finance department, then through all ADP with the provision of the required resources for this change"[R6].

At the beginning of 2007, ADEC began its strategic journey and called for strategic plans from all entities that were supervised by ADEC. These plans were to include vision, mission, strategic goals, initiatives and KPIs. Some interviewees explained this call for change, as follows:

"The ADEC called for the change process by calling for an Abu Dhabi general strategic plan that covered all Abu Dhabi entities and focused on performance improvement" [R2].

"The ADEC called for the change process and stressed the importance of this implementation. It was asked coercively to implement this change and it caused some confusion. Also, there was a plan in ADP and then it was affected by those who required change" [R5].

“The ADEC vision is based on the availability of a secure society, a productive economy, education, high quality in health services, advanced infrastructure, private sector development and an economy based on knowledge of a sustainable and legislative environment in an efficient, transparent and effective and influential way, both internally and externally. Also, maintaining excellent relations with the rest of the world with secure stabilization at various levels and the development of resources in the Abu Dhabi emirate. Moreover, it focuses on the preserve of values of the Emirate of Abu Dhabi's culture and heritage, in addition to continuing to contribute to the closer union between the emirates” [R16].

In fact, ADEC played an important role in bringing change and providing a safe and sound society with improved infrastructure, education, and health services by considering the valuable suggestions and recommendations of external experts and consultants, as well as internal members of entities. The experience and suggestions of local staff helped ADEC to preserve the core values and culture of Abu Dhabi Emirate whilst implementing the change.

In 2007 the concept of the EFQM system was introduced, as another management accounting system in Abu Dhabi Emirate, in order to set a basic standard for all organisations to have the possibility to have an excellent foundation and provide excellent services. One interviewee argued that:

“In 2007, the ADEC called for the change process by setting a general strategic plan for ADEC and each entity was required to set a strategic plan that reflected their core business under the ADEC strategy. Also, the same year witnessed the introduction of the Excellence Award in Abu Dhabi for all entities” [R7].

Another officer from the EFQM department explained the introduction of EFQM in ADP:

“There is co-ordination between the Executive Council and ADP and the strategic plan, with KPIs being cascaded. I think the implementation of EFQM has been implemented coercively on ADP which relates to a massive change and is crucial to ADP, including areas of improvement that have been found from the assessment. Also, the EFQM includes KPIs and methodologies that have been shared in ADP. Moreover, it has been a big workshop to introduce the vision and strategic plan for leaders” [R17].

Implementation of the methodologies of EFQM with KPIs was a big achievement for ADEC and contributed to the Abu Dhabi vision to a great extent. However, there were some issues that accompanied the implementation of change programme led by ADEC. Communication was one crucial issue that influenced the quality of the implementation and this will be explained in detail in the Critical Factors at Organisational Level section.

6.2.5.3 Domination perspective

The domination perspective is clearly explained in this research. There is an official structure that explains the responsibilities and control within ADP. The resources were allocated in the structure according to responsibilities and amount of work that was required to achieve the goals.

During the implementation of change programme, several changes were made to the structure in order to fit the change requirement. For example, in 2003 when ADP’s first strategic plan was initiated, the structure was changed from 17 departments that linked directly to the leader, which placed massive pressure on him as a decision maker, to become six general directorates under general headquarter. These changes had a significant impact on the ADP performance and assisted the implementation of the governance concept. Also, it has facilitated the implementation of the ADP strategic plan that began in 2003.

Moreover, when the national strategy was introduced, there were some changes that had to be made in order to achieve a strategy that received approval from ADEC. One interviewee argued that:

“When we started to implement our strategic plan in 2007 as part of ADEC entities, we understood that we were in a challenging environment and the government wanted an excellent service, so we decided to establish a centre for benchmarking. This centre focuses on gathering the best practices around the world in interested areas that relate to the ADP mission and makes them available in the organisation” [R5].

The entities were aware of the importance of a strategic plan for the delivery of excellent services with massive responsibilities. This is why a separate centre was established to inform them about best practices across the world. As a result, the EFQM was introduced which required some changes that facilitated the implementation of EFQM criteria and being rewarded in the yearly Abu Dhabi Excellence Award ceremony. One interviewee from the Organisational Structure Department stated that:

“The introduction of the Abu Dhabi Excellence Award, in 2007, placed some pressures on ADP that related to the several projects were implemented in ADP, both within ADP and that required from ADEC. Another pressure was related to which department should take the responsibility of following up the EFQM requirement and co-ordination with the Abu Dhabi Excellence Awards secretary. After several discussion, the leaders decided to establish a department for excellence and they called it the Organisational Excellence Department” [R4].

The Department of Excellence is mainly accountable to ensure proper and effective implementation of EFQM for the successful implementation of change. Besides this, ensuring appropriate implementation of KPIs and BSC is also the responsibility of the

department. The implementation of KPIs and BSC had influenced ADP structure as a result of the nature of those two accounting systems.

“The change process that was required by ADEC had a massive impact on the ADP structure from two aspects: functional and managerial. That happened according to the requirements of the ADP strategic plan to assist in the implementation of this plan. There were some departments that expanded and some departments that were reduced. Also, we have a clear process to change the structure, including explanations of the change need, structure change and set strategic channels. Also, we had established a strategic plan section in each general directorate in order to introduce the change requirement and evaluate the improvements of the initiatives, including the KPIs status” [R4].

The establishment of the Department of Excellence resulted in the expansion and reduction of a few departments to make the system transparent and effective. In addition, the strategic planning section of each general directorate helped the Department of Excellence to evaluate and improve strategies, including KPIs.

6.2.5.4 Agency

The interviewees explained the role of change agency during this change programme. They mentioned that there two types of change agents: internal and external. Two interviewees stated that:

“The ADEC team who were responsible for the preparation, introduction, implementation and evaluation of the strategic change and accounting change in all Abu Dhabi Emirate’s entities could be known as an internal change agent” [R1].

“ADEC and the external consultants should understand the policing culture and be flexible on some KPIs that were imposed without full consideration of the comments that were sent from ADP” [R12].

The role of both change agents was crucial in implementing change. The external change agents introduced several useful and standardised accounting practices, whereas the internal change agents were aware of local policing values and culture, as well as internal accounting practices. Therefore, the internal change agents helped to adopt and implement new practices aligned with the core values and organisational culture of the ADP and other entities.

6.2.5.5 Events that accompany the change process

After the change process had started in ADP, there were several events and actions that helped to accomplish this process. For example, the change in strategic plan that took place in ADP in 2007 resulted from the ADEC request for change. Also, in order to understand the strategic plan change and strategic plan implementation, it is important to investigate any events that occurred or actions that were taken in order to evaluate those practices.

One interviewee explained the introduction of key performance indicators in ADP and he clarified the events that occurred:

“There were many workshops held to introduce and explain the KPIs. Also, there were many official letters published related to these issues. Therefore, internally, there was a responsible officer for each KPI and there were regular meetings to follow up the improvement of the KPIs. Then, the report was sent to a high leaders committee to review it and approve it. Also, the minister was informed about the results” [R12].

As explained in section 6.2.4.5, several workshops and training sessions, conducted on a regular basis, helped ADP to introduce and implement KPIs. Also, it is useful to clarify whether the operational level within ADP had been involved in those events. One interviewee for police operations stated that:

“There was a main workshop that was organised to introduce the change events” [R8].

However, the level of awareness is still unclear, especially relating to the extent of the announcement about this change process and whether it had reached the whole of the ADP or not. One advisor from the Strategic Department had a different view about the events that occurred during the implementation of the strategic plan and he argued that:

“This comes to the communication of plan and selling of the plan. I suggest for you to go out and ask a policeman about whether they heard about the plan. I don’t think there was an event that accompanied the introducing of the KPIs” [R13]

6.2.5.6 Criteria for choosing the accounting system

The accounting change systems that were implemented in ADP were mainly imposed by ADEC. According to one interviewee:

“ADEC should consult and involve Abu Dhabi Emirate’s entities, including ADP, in the selecting and introduction of a system process in order to enable understanding of the view and evaluate the possibility of successful implementation. Also, the accounting systems were cascaded coercively which gave no clear space for discussion before the implementation” [R13]

In the opinion of a small number of staff members, the accounting systems in ADP were imposed by ADEC. In fact, the ADEC consulted several experts and consultants across the world and the purpose of conducting workshops was to engage and train local staff of ADP for implementing change. It is also evident from the comments of several interviewees that ADEC properly informed them and also asked them for their suggestions during the change process. In fact, ADEC paid more attention to the opinions of local staff members as compared to foreign experts. The introduction and implementation of new systems

in ADP, such as the crime scene system, criminal standard system, and eye prints are examples of effective co-ordination.

6.2.5.7 Critical Factors at Organisational Level

In the following subsection, this research presents the critical factors identified from the interview analysis and those factors located at the organisational level of the ADP. Those factors are: leadership, communication, accounting systems, training, internal policy, culture, resources and politics.

6.2.5.7.1 Leadership

Leadership is considered as a critical factor that is intrinsic to the research. The majority of interviewees agree that leadership played a great role in introducing and implementing the change programme in ADP. Also, leaders in ADP should be given more attention in order to improve their strategic thinking and their ability to manage and support the change programme, as illustrated by the following responses:

"I think the leadership in ADP has played a crucial role in supporting the implementation of the strategy plan" [R2].

"In my view, there are two main factors that support this successful implementation: leadership of ADEC and leadership of ADP. Also, the leadership in ADP had already started to apply a strategy before being asked by ADEC" [R3].

ADP leadership was keen for a strategic change even before the initiation of the change process, but no particular direction was set. Once ADEC provided the direction and support to ADP, the change was immediately and successfully implemented by ADP without significant difficulties. In fact, ADP admitted the importance of the role of leadership before and during the change process, but the role of employees in adopting accounting and strategy change was also

deemed to be enormous, as is evident in the following comment of one interviewee:

"I think the leadership in ADP including their support for the involvement of employees and training are main factors. I think the leadership played a clear role; however, there was an involvement for employees, but it was not enough" [R4].

"I think the leadership of employees in ADP and our willingness to change in order to improve our performance is an important factor" [R7].

"The involvement of employees in the change process and the clarification of the reasons about the need for change are important factors that leaders should understand in order to be accepted by the employees" [R8].

In the beginning, several employees and leaders were defensive with regard to the change process as they were unaware of the benefits and long-term consequences of these changes, but after attending a few workshops they strongly supported and contributed to the change process by providing their opinions (see comment R6). However, leaders and employees who were still resisting moved to other departments.

"The adoption of the change process by leaders is the main and crucial factor for successful implementation. Also, many leaders resisted the change, but they attended some workshops and they become supporters" [R6]

"I think there are so many successful factors since this journey began. This organisation started this journey in 2003 with a very small number of people and a visionary lead by H.H Saif who

identified the need for modernizing the police, which really started in 2005 and 2006. There have been many changes and it is difficult to quantify what hasn't changed, but on the other side of that, has all change been good? I'm not sure and I think it has come down to the culture side of it. The organisation is incredibly young and energetic and it wants to learn, but it is a huge organisation.

And in this huge organisation it is difficult to implement change in a short time, especially at all levels of the organisation's structure, and we cannot say that it is a huge success because we can't get success at every level, but they have really some good success such as a very structured and functional organisational structure and now we have a very clear line on functionality" [R11].

The strategic and accounting changes have had long-term positive effects on ADP, as it is not a small department. Obviously, in the long run, the need may arise to change, eliminate or add some KPIs, but overall the change has been proved to be successful in all areas of concern in terms of improving the quality and effectiveness of services throughout the Emirate. In this regard, it is also believed that the aggressiveness of the ADP leadership will bring massive changes in the future. Some interviewees from ADP assert:

"The usual thing here is H.H Saif supports it and everybody wants to do something to achieve what has been asked by ADEC. I think it is also changing because the initiatives from ADEC are changing to become more focused on financial aspects and that is going to make a massive change in the next 2 years" [R12]

"For me the success factor is about leadership being the key for any organisation in change and in ADP I think, along with many key people, that the leadership is very focused on H.H Saif and General Nasser. They have been the driver for this change programme and they have kept everything on track in line with the initial vision that was set up by H.H Saif in 2003. Also, they have a steering committee

that is the main vehicle by which changes are managed and are monitored and progress through the force, so leadership is one of the key factors in the success of this change programme” [R13]

The leadership of ADP continuously attempted to implement new changes without the support of ADEC to some extent for the betterment of services. The steering committee of ADP is one such example which is primarily responsible for monitoring the benchmark of the routine activities and duties of the entire police force.

6.2.5.7.2 Communication

Some interviewees brought up the notion that communication could be considered as an important factor that could facilitate the change programme. Communication could link to leaders’ skills and could link to the channels that were used to communicate the strategic change and accounting change. One interviewee explained how the change in structure could establish a communication channel between all general directorates and general strategic departments by stating that:

“All strategic initiatives are initiated by the responsible department; we have our coordinators in those departments and we meet together on a regular basis” [R2].

“The strategic plan is available and it was communicated by workshops, brochures, meetings and through a strategic coordinator officer in the strategic planning section in each department” [R4].

The strategic plan for change was actually communicated to all entities, including the ADP, through a number of communication channels. Also, a number of interviewees were concerned with the kind of communications channels that were used in ADP, as illustrated by the following responses:

“We have internal and external strategic initiatives and they are communicated by workshops and meetings” [R7].

“That links to what I said related to the macro level and you have a strategy and performance unit in each directorate and we have a meeting every 2 weeks with the directorate to discuss the strategy, development, information required and their needs and it is high level communication. It doesn’t go down far enough, but it has been linked to staff appraisal. Last year we had a cascading of the plan to directorates and departments and it was new and difficult, but this year it has taken longer and they are cascading the plan to directorates and departments. Also, a process change has been developed about how the KPIs lead to purchasing if you are a purchasing department manager” [R12].

The change strategy was discussed and communicated internally and externally throughout the change process among different government departments. Each department used a different communication channel for correspondence but ADEC mainly coordinated through workshops, meetings, and publishing the outcomes of KPIs. On the other hand, ADP had a special team for communicating the change and requirements that usually communicated with ADEC and other departments in three ways, as stated by an interviewee during interview:

“The approach that ADP uses to turn words into action is very good. They are very strategically focused now and there is great drive, so that whatever is required is achieved. The head of the strategic team is responsible for communicating the requirements to departments through the strategic officer in each department (example: police stations 30 min). The ADP communicates with ADEC in 3 ways (letter, electronic, personal) directly. Also, our coordinator briefs down and across.

The ADP structure is very practical and facilitates to some extent this communication of strategy and, as I mentioned, we are huge organisation. The problem is that they never stop and every time

there is something new from government and they have to make changes” [R13].

As compared to other public entities, ADP’s method of internal and external communication during the change process was highly standardized, but in fact, to some extent, too many changes affected the performance of the organisation’s communication system.

6.2.5.7.3 Accounting Systems

Some interviewees mentioned the accounting system as an important factor that can facilitate the accounting change implementation. The accounting system covers the reasons behind choosing specific systems and the accounting systems’ role in successful change implementation in ADP, as shown by following interviewees’ responses:

“Moreover, there is a change model that explains the change curve which started from the introduction of the government strategy, then you get frustration and next you go down and you can map in ADP how it happened. Actually, it is difficult for a large organisation to respond to external pressure” [R12].

“Moreover, implementing useful and new systems supports the implementation of the change programme” [R17].

There is no doubt that the new strategic change in accounting systems has several positive impacts on public entities, including the ADP, but these government institutions have also faced many hardships and external pressures during this change.

6.2.5.7.4 Training

Training the employees could be another factor that influences the implementation of the change programme. Many interviewees mentioned the role of training and they explained that there were two

types of training: from ADEC and within the ADP training programme. According to some interviewees:

“ADEC organised many workshops for ADP leaders and staff that explained the process of the strategic plan and EFQM. Also, they provided professional speakers from different backgrounds in order for us to learn from their experience” [R]

“There were many training programs and awareness workshops set up by the ADEC and the main subject was strategic change, including accounting change. Also, ADP’s strategic department held many workshops to explain the requirement changes from ADEC and how it could be achieved” [R].

Both ADEC and ADP were keen for the success of the change process and, in order to achieve this success, they conducted numerous workshops and training sessions for the organisational members to assist them during the change process. However, one interviewee mentioned a challenge that faced the effectiveness of the training program relating to the change management and accounting change, stating that:

“Finally, the training was assisting the change implementation, but there was only a small number of staff who took the required training programs that relate to this change process” [R4].

6.2.5.7.5 Internal policy

The majority of the interviewees agreed that internal policy, as a factor, could be an important factor that had influence on impeding or facilitating the accounting change programme, arguing that:

“Finally, the change in laws, regulations, and policies has been a significant factor” [R6].

“There are some issues around human resources, in particular policy and strategy” [R17].

The change in internal policies was inherent in terms of facilitating the change process. This was the reason that several departmental based rules, regulations, and policies were reformed. Many internal policy changes were also made within the ADP which directly influenced the efficiency and effectiveness of police services throughout the emirate.

6.2.5.7.6 Culture

Understanding the culture could be the key to successful implementation of the accounting change in any organisation. A majority of the interviewees agreed that culture, as a factor, could be one of the most important factors that had a great influence on impeding or facilitating the accounting change programme. The culture of Abu Dhabi Police has its roots in the armed forces. Two strategic plans were successful in terms of promoting policing culture within the ADP.

"I could say that, the nature of ADP culture had great role to play on the successful implementation of accounting change in ADP. This culture typically related to the policing culture which is based mainly on orders and is military in nature" [R11].

"The implementation of the strategic plan 2008 -2012 that was requested from ADEC was successful. The main reason related to our understanding and our experiences regarding the ADP's culture that we gained and learned from the implementation of ADP's strategic plan 2003- 2007" [R5].

Also, the interviewees at the organisational level from ADP mentioned the importance of understanding the resistance that occurs from a change programme, including accounting change, and one interviewee stated that:

"It is important to give massive attention the ADP culture and its history in order to manage the resistance that occurs from some

employees from some departments in ADP. Also, I think any change in any organisation and in any aspect, such as leadership change, system change, structural change and strategic change, will receive some resistance. Thus, in order to have a successful change implementation, I insist that resistance should not be ignored” [R12].

ADEC was expecting the resistance to change and that is why they arranged several workshops and training sessions to give confidence to leaders and employees. One interviewee summarized the possible reasons behind some resistance in ADP. He stated:

“I think there are many reasons behind some resistance that we experienced in ADP which may be related to the level of understanding, leadership style, nature of training programs, fear of change, the type of accounting system that was subject to change and the level of clarity in aspects of communication” [R16].

The resistance to change mainly occurred due to lack of knowledge and information about the change process. However, the workshops and induction programs conducted by both the ADEC and the ADP resulted in hindering the resistance to change. However, some organisational members and leaders that were still causing resistance were ultimately moved to other departments.

6.2.5.7.7 Resources

Human and other resources have been mentioned and should be organised effectively and located in both managerial and operational levels. One interviewee argued that:

“Before the strategic change was introduced, we were focusing on increasing the number of operational staff and ignoring the managerial aspect. Then, we realized that we should create a balance between all work functions and make a clear link between all aspects in the ADP. We supported the strategic department with many high

level educated officers and we established a strategic section within each department” [R6].

A number of safety measures were adopted before initiating the change process. The major part of these safety measures was to arrange appropriate human resources and also to inform them about the method and system of change. In addition, some non-human resources such as financial, transportation, and building resources were also employed to effectively support change implementation.

“Also, the other factor, I think, relates to the availability of resources that have been provided to support departments. I think the resource should include human resources and other resources such as building, vehicles and offices” [R17].

6.2.5.7.8 Politics

In this subsection, the research will investigate the role of politics on the accounting change that ADP has faced. The interviewees were asked about the role of politics in this change programme. One interviewee argued that:

“Politics were in that time a negative force because we are talking about history and culture, and we are talking about the Middle East point of view and other issues related to culture, but this has been managed” [R11].

He explained the negative role of politics from the coercive point of view and how it led to implementing the accounting change. Moreover, three interviewees agreed that there were two levels of politics that influenced this change programme: internal and external politics.

“I believe that the politics have had a significant influence on the change programme; for example, when we introduced the strategic change programme in 2003, we faced many difficulties and the majority of those difficulties related to the internal politics; however,

in 2007 we faced a form of external politics from the government that related to the national strategic change programme” [R13].

“If we are going to talk about the role of politics, I think we should classify it into two aspects: internal and external” [R5].

Before the involvement of ADEC, the political forces played a pessimistic role and the changes were obstructed internally and externally at organisational level. ADP is a big government department; therefore, innumerable political factors were also involved in hindering the strategic changes.

“Ultimately, the ADEC has a crucial political role in introducing and supervising the strategic change programme. Can you imagine how to control more than 30 entities in different businesses to work together in order to achieve one vision for Abu Dhabi Emirate? Also, those external politics are going to influence the internal politics, whether they are positive or negative politics, within organisations” [R18].

6.2.5.7.8.1 Internal Politics

The internal politics related to the organisational culture and the staff backgrounds. It has been argued that the impact of internal politics was vital on initiating the change process. Some departments played a positive role, while other departments and leaders resisted change before ADEC became an interested party. An interviewee stated that:

“I think internal politics links to the employees’ background and the culture of the organisation. I witnessed several occasions that show how politics affected the decisions. For instance, the Human Resource Department has a good example of the positive impact of politics with the good networking support providing the resources for some departments from the HR department” [R13].

On the other hand, some public entities have special teams to discourage internal politics in order to promote change at the organisational level. In this regard, two interviewees assert that:

"The involvement of some managers in some important and high level committees had great influences on implementing the change programme" [R19].

"It is crucial to have a politics in order to lead the change and support it. In the ADP, there is a change committee that focuses on developing the police work and it has a power to push the change inside the organisation" [R10]

The above arguments from interviewees identify the importance of politics as a limiting factor that had influences on introducing and implementing the accounting change programme. Also, they clarify how positive politics can involve the staff and support, gaining the maximum benefit for the change programme that was implemented in the ADP. However, there were a number of interviewees who insisted that politics can have a negative impact on the change programme, whether in the introduction or implementation stages. The responses were:

"The introduction of new accounting systems had been accompanied by some negative politics; for example, a small number of managers didn't trust the change programme, thus, they appointed small rank offices to take responsibility for implementing some KPIs in their departments without clear authority or power, in order not to be blamed for any failure in meeting the required performance" [R6].

"The politics sometimes have a negative impact in the organisation; for example, if you don't have a good relationship with managers, you may not get the resources that you need to perform in the way that you think is required to achieve your goals. Also, it is important to involve and persuade some managers about the benefit of this change programme in order to support you because we are working

in an institutional environment and each department, functional or supporting, has an impact on others” [R8].

To sum up, it was noticed that the lack of support and internal politics from organisational members, managers, and leaders created many problems in adopting the change process. In addition, the interviewees understood the role of internal politics in the change programme. Also, they mentioned that the internal politics linked to power. They explained the type of networking that could have an impact on internal politics.

6.2.5.7.8.2 External Politics

In this subsection, external politics is related to the ADEC role in introducing the change program to ADP and how the interviewees from ADP described this role. The interviewees had different thoughts about the role of external politics. Many interviewees mentioned external politics as being a positive factor that assisted the change programme in the ADP. The responses were as follows:

“ADEC had announced to all its entities the national strategic plan within Abu Dhabi Emirate. Their roles were helpful and supportive. For example, they set a clear channel with ADP through the Strategic Department and offered any required support, such as workshops and consultation” [R11].

The role of ADEC in terms of being an external political force is controversial. Some interviewees believe that ADEC played a negative role by imposing several KPIs and EFQM without giving them enough time to understand and learn the entire change procedure. The following responses indicate the negative political role of ADEC in implementing change:

“I believe that the way of introducing the accounting systems, such as KPIs and EFQM, could be explained as imposing within a short period of time. I think there was not enough time to learn” [R6]

"I could call it a coercive style the way that ADEC implemented change in ADP; it was putting pressure on the Strategic Department, in particular, and all other departments within ADP. We were informed in May 2007 and they required the information and strategic plan within 3 months" [R4].

Some interviewees appreciated the positive and supportive role of ADEC in each phase of the change process because it was not an easy process to be completed within a short period of time; as two interviewees stated:

"You could imagine three main issues were required within one year: EFQM, the strategic plan within the initiative and KPIs. It was a lot for one organisation especially as we are a security organisation and we have large number of staff; more than any other organisation within Abu Dhabi Emirate" [R16].

"I understand that ADEC want for all its authorities to work together in order to provide excellent services to reach Abu Dhabi Emirate's vision; however, it should set up a general agenda and framework, without interfering in the police core business. Because we have special circumstances and our work's nature requires deep understanding of all police aspects and processes" [R11].

Finally, it was interesting to learn that, in the opinion of most of the interviewees, the role of ADEC as an external political factor was more positive rather than negative. In fact, it can be said that both ADEC and ADP wanted rapid reforms for the improvement in services in order to provide excellent services to inhabitants and expatriates.

6.2.6 Summary of Interview Analysis

This section has presented an analysis of interviews that were conducted with 20 interviewees. Those interviewees were from

different institutional levels. There were two interviews conducted with interviewees from ADEC, one interviewee from one of the ADEC entities and 17 interviewees from different levels within the organisational structure and from different functions within ADP.

The profile of the interviewees was explained and presented, including position, gender, position, qualifications and experience. Also, the research findings were presented based on the Dillard *et al.* (2004) framework that has been applied in this study.

In the economic and political level, the legitimating grounds were provided by explaining the norms and values that ADEC focused on. Also, the main five aspects of the ADEC agenda that were mentioned by the interviewees were addressed. In terms of representational schema within the economic and political level, the interviewees stated that the implementation of strategic change and accounting change were coercive and their reasons were provided. The domination perspective was explained by discussing the ADEC role in providing the budget and resources for its entities in order to implement the strategic change and accounting change. Also, at the economic and political level, the interviewees were asked for their responses regarding the feedback that was sent by the entities, including ADP. The results identified that ADEC had given clear attention to feedback from the entities and that feedback was a subject for evaluating and some of it had influences on the cascading process of accounting change. Also, the role of change agency was investigated from EP level interviewees who explained the internal team of change process and the external team that included some consultants. Furthermore, the events that accompany change process were addressed, including meeting one to one, workshops and reports.

Also, the nature of the selected accounting system from ADEC was discussed. Furthermore, the critical factors explored from interview analysis, and which related to EP level, were addressed. These were:

structure, leadership, culture, ADEC team, resources and the nature of the accounting system.

The organisational field level was the second main level in the institutional levels and it also contains three main aspects: legitimating grounds, representational schema and domination perspective. The legitimating grounds were explained by clarifying the type of regulation that controls the relation between the entities. The majority of interviewees in this level agreed that the introduction of strategic change had a positive impact which increased the level of co-ordination and opened a direct communication channel to achieve the national strategic vision. Moreover, the representational schema within this level was addressed by explaining the role of ADEC in supporting the entities, especially regarding the shared goals and access to information. Furthermore, domination perspective was discussed with an explanation of the type of control which the majority of interviewees agreed was involved in financial authority. In addition, the role of agency from the organisational field review was investigated and identified that ADEC had provided support by using consultants to facilitate the cascading of accounting change systems with some concern over some confusion that resulted from some accounting systems. Furthermore, the events that accompany the change process were described, a factor which is related mainly to the general workshops and visits between the entities. Also, the interviewees at this level were asked about the criteria for choosing the accounting system and their responses indicated that there was some confusion regarding the implementation of several accounting systems at the same time and that they were not consulted regarding the accounting system that ADEC planned to implement. However, some interviewees argued that some of their feedback and comments were considered by ADEC.

Finally, the critical factor of partnership at the organisational field level was presented from interview findings. The majority of

interviewees agreed that the partnerships culture was a critical factor that had a positive impact on implementing accounting change within Abu Dhabi Emirate's entities.

The organisational level was the third and last main level in the institutional levels. This level focuses on the Abu Dhabi Police. Similarly, it contains three main aspects: the legitimating grounds, representational schema and domination perspective. The legitimating grounds and representational schema were explained by clarifying the ADP's role in providing safety and security within Abu Dhabi city. Also, the interviewees from ADP had agreed that the implementation of the strategic plan in 2003 within ADP had a significant impact on the regulation and rules which facilitated the national strategic plan. Regarding the domination perspective, the ADP controlling system and structure was explained. Moreover, the role of agency on strategic change was investigated by explaining the views of the interviewees from ADP. They agreed that the consultants assist in the introduction and implementation stages of the strategic and accounting change programme. However, some of the interviewees argued that there were some issues related to the consultants' understanding of the ADP functions and nature. In addition, the events that accompany the change process were explored and the interviewees within this level agreed that the introduction of a ceremonial event, workshops and seminars were the most significant events that accompanied the strategic change. Furthermore, regarding the criteria for choosing the accounting system, the interviewees within organisational level took a similar view to that stated by interviewees at the organisational field level.

Finally, the critical factors from interview analysis at the organisational level were addressed, these being: leadership, communication, accounting systems, training, internal policy, culture, resources and politics.

6.3 Document analysis

It is important, before analysing the documents, to clarify the nature of the documents that were used in this research. Also, it is useful to explain the sources of those documents in order to guarantee an acceptable level of credibility and meaning.

6.3.1 Demonstration of documents

The research focuses on understanding management accounting change in Abu Dhabi Emirate and how it was implemented in one of its entities, the ADP; therefore, the selected documents were related to the Abu Dhabi government and ADP. The research explains the link between ADEC and ADP through the available documents.

The research reviewed many documents and selected eight main documents that relate directly to the research scope. Table 6.2 describes those documents:

Table 6.2 – Documents description

	Description			Source	Date
1	ADP Strategic Plan Document 2003 -2007			ADP (Strategic Department)	2003
2	Abu Dhabi Strategic Planning Agenda			ADEC	2007
3	ADP Excellence Report			ADP (Organisational Excellence Section)	2008
4	ADP Strategic Plan Document 2008 -2012			ADP (Strategic Department)	2008
5	Abu Dhabi Strategic Planning Agenda			ADEC	2010
6	Economic Development Policy			ADEC	2010
7	Social and Human Resources Policy			ADEC	2010
8	Infrastructure and Environment Policy			ADEC	2010

The following section focuses on analysing these documents in detail in order to increase understanding of how the management accounting change process took place in ADP.

6.3.2 Document analysis

This section focuses on analysing the documents that relate to both ADEC and ADP. In order to organize the process of analysis, the research has implemented a model that contains six phases of data analysing (Creswell, 2003). Also, the finding were organised according to the Dillard framework (2004) which explains the three main organisational levels and has been used to organize the interview findings.

6.4 Economic and Political Level

At this level, the research focuses on analysis of documents at the top of the institutional level to determine a specific scope. Documents were analysed according to three main axes which are at the core of this institutional level.

This includes two main issues: the analysis and identification of the role of legitimating grounds, representational schema and domination perspective at the economic and political level. Also, it assists in the identification of the critical factors that have a role in the application of accounting change in the government sector of the Abu Dhabi Emirate.

6.4.1 Legitimizing grounds PE

As mentioned in the sections on interview analysis, legitimating grounds concentrate on regulation, values and norms. The Abu Dhabi Strategic Planning Agenda, published in 2007, stated clearly the main issues to be taken into account when preparing the strategic plan for an entity. Those issues were as follows: economic, social,

environment, infrastructures and government excellence (Abu Dhabi Strategic Planning Agenda, 2010).

The Abu Dhabi Strategic Planning Agenda, 2007, made a clear statement regarding the importance of including an accounting system when setting the strategic plan. It referred to the Emirate Vision Pyramid which was described as follows:

“There are three main categories in the Abu Dhabi strategic plan and each category had its description:

First category (Top): Abu Dhabi policy agenda that includes Emirate vision, goals and themes. Also, the time scale was 20 years and it was called the long term plan.

Second category (Middle): Government strategic plan that includes priority areas, 5 year targets and strategies. Moreover, the time scale was 5 years and it was called the medium term plan.

Third category (Down): Government plan that includes 2 year targets, initiatives and KPI’s. Also, the time scale was up to 2 years and it was called the short term plan” [Abu Dhabi Strategic Planning Agenda, 2007, p22].

6.4.1.1 Economic Development of Abu Dhabi

6.4.1.1.1 Planning and Economy

Economic development is one of the main concerns of Abu Dhabi’s government. The Department of Planning and Economy is the primary responsible entity for the development of a vibrant, open, and successful economy. In addition, the roles of the Abu Dhabi Chamber of Commerce and Industry and Abu Dhabi Council for Economic and Development are also very important for the delivery of a solid and diversified economy. The priority of these departments is to make Abu Dhabi as a global city by creating a dynamic and transparent business environment for local and Foreign Direct Investment. Other

policy priorities of the Emirate's government within the scope of planning and economy are as follows: develop and restructure the industrial and manufacturing sectors to achieve diversification; build an efficient system to assess the economic performance of Abu Dhabi; develop a system to examine and scrutinize macroeconomic escalation and stabilization; and create employment prospects in the private and public sectors for inhabitants. The implementation of these policies will ensure economic growth and consequently will contribute to the Abu Dhabi vision of 2030 (Economic Development Policy, 2010).

6.4.1.1.2 Energy

The primary objective of the Emirate's government is to stimulate the growth of the hydrocarbon sector to achieve a broader level of economic diversification, as well as to strengthen downstream production of energy. Abu Dhabi is globally known as a consistent and proven energy provider, but its growth depends on a range of challenges and opportunities which include downstream opportunities in the hydrocarbon sector, the diversification process, the latest technology, international expertise, and skilled human capital as an enabler. The government's strategy to address these opportunities and challenges is based on diversification of the broader economy at the sector level, national and international partnerships with key organisations in their respective fields, promoting education and culture, and expanding the production capacity of oil and gas. To successfully put the strategies into practice, several public and private entities usually work together (Economic Development Policy, 2010).

6.4.1.1.3 Tourism

The tourism industry has become a crucial element of Abu Dhabi's economy and has grown to great extent in the past decade. The Abu Dhabi Tourism Authority (ADTA) was established in 2004 for the

purpose of implementing the Emirate's bold strategies which are fundamentally based on the extensive growth of the tourism sector by preserving values, culture and the heritage of Abu Dhabi. In this regard, the key policy drivers informed by the challenges and opportunities are GDP growth, eye-catching natural and cultural assets, the need for differentiation, and to promote the idea of 'the right place at the right time'. To confront these opportunities and challenges Abu Dhabi's government has set some targets for 2015.

6.4.1.2 Social and Human Resources

6.4.1.2.1 Health Services

The expansion of health services in Abu Dhabi is based on four underlying objectives: to provide access to health services, to improve the quality of healthcare services, to transfer responsibilities from public to private service providers safely and efficiently, and to devise a new fiscal model with a mandatory health insurance system. The policymakers may seek to address five key challenges to reform health services in Abu Dhabi. These five challenges are lack of sustainable healthcare costs, up gradation of facilities to meet expected demand, inconsistent access and standards, more focus on just primary care services, and dominated delivery of healthcare services from public institutions. To confront these challenges, the government's plan is to reform health insurance policy for inhabitants and expatriates upgrade facilities to meet present and future demands, establish international partnerships, and deliver consistent services with rigorous licensing and inspection regimes (Social and Human Resources Policy, 2010).

6.4.1.2.2 Education

The key goal of reform in the education sector of Abu Dhabi is to produce a world-class quality and a comprehensive education system. To achieve this goal, the role of government in providing educational services is to be reduced and the responsibility has been given to the

private sector to deliver high quality educational services to Emirati nationals on behalf of the government. The government efforts to improve the quality of education encompass three main challenges: improving accountability, initiating new and advanced teaching methods, and developing awareness to improve English language skills to facilitate advanced learning. The government's initiative to cope with these challenges includes the commencement of early childhood education programs, incorporating key platforms for all education initiatives, and improving education and related operations at school level (Social and Human Resources Policy, 2010).

6.4.1.2.3 Civil Service

The Abu Dhabi's government is always in search of the availability of resources to improve and maintain the quality life within the Emirate. The Department of Civil Service is accountable for human resources and the professionalism of all local and foreign employees throughout the Emirate's government. The main concern of this department is to develop a master plan for each authority, agency, and department to authorize it for the planning and organisation of its human resources. The strategy of developing a master plan is based on all essential elements required to develop affiliations with the private sector to attain a more competent, capable, accountable and comprehensive administration for the benefit of the Emirate's people (Social and Human Resources Policy, 2010).

6.4.1.3 Infrastructure and Environment

6.4.1.3.1 Urban Planning in Abu Dhabi

The Abu Dhabi government has two fundamental objectives for the expansion and implementation of urban planning policy. The first objective is to create an eye-catching, livable, organised, and sustainable urban environment and infrastructure where people can obtain all essential services in a timely manner. The second objective is to uphold the Emirate's culture and unique tradition where a

vibrant mixture of cultures is also ensured. The policy drivers of sustainable urban planning in Abu Dhabi are rapid growth of population, liberalized property and real estate laws, vast construction projects, Foreign Direct Investment and sustained economic expansion of the Emirate. In this regard, the government's strategy to address the core objectives is based on several aspects such as the urban planning vision of Abu Dhabi, promoting vibrant cultures in accord with local culture and tradition, developing resourceful systems for the expansion of urban planning policy, and effective communication with private property developers in Abu Dhabi (Infrastructure and Environment, 2010).

6.4.1.3.2 Transport

The transport policy of Abu Dhabi's government addresses the infrastructure of the Emirate, including mass transportation, ports, roads, rail and air travel. The four key objectives related to the transport policy are: (1) introducing latest technology-based transportation system to meet the desires of the inhabitants; (2) assigning clear responsibilities to the entities accountable for the delivery of transport services; (3) developing an efficient communication system that entities can use for information sharing; and (4) developing an effective system for the Department of Transport to professionally move towards the transport vision of the Emirate. The long-term plans and decisions regarding transport policies are being driven by a number of challenges, trends and opportunities across a variety of portfolios. The Emirates' future plans include attracting over three million tourists per annum by 2015 in order to diversify its economy, developing an efficient industrial infrastructure including zones and ports, promoting a standardized lifestyle for the Emirate's people, improving environmental considerations, and stimulating economic growth by importing/exporting goods throughout the Gulf region. In response to the above trends and opportunities, the Abu Dhabi government's

initiative is based on several components including modernizing the Department of Transport on the basis of key policy divisions, expansion of Abu Dhabi International Airport, integrating planning and performance management, and improving public transport, taxis, buses, and sea ports (Infrastructure and Environment, 2010).

6.4.1.3.3 Environment, Health and Safety

The primary objective of the Environment Agency of Abu Dhabi is to protect the Emirate's environment, rich wildlife and ecosystems for sustainable economic and social growth. In this regard, the policy drivers are illustrative rules and guidelines, collecting relevant data, ensuring sustainable development, situating the Emirate as a leader in green technologies, and authorizing government entities to efficiently monitor, organize and control the environment. In response to the policy drivers, the government's strategy includes formulating policies to protect the environment, developing environmental awareness in society, supporting the Masdar scheme, and developing a green environment, safety, health and legal structure. The Environmental Agency is required to work with a variety of public and private agencies to successfully develop and implement environmental policies (Infrastructure and Environment, 2010).

6.4.1.3.4 Municipal Affairs

The principal aim of Abu Dhabi's Department of Municipal Affairs is to build a competent and resourceful management that can deliver quality services to inhabitants to fulfill their prospective needs. For this, it is essential to restructure the municipality management at all levels by outsourcing almost all the services provided by the current municipal system. To achieve the desired results, the government's strategy involves the following: the establishment of multiple Regional Municipal Councils and Administrations; development of a regulatory framework consisting of numerous rules and laws to monitor and control the municipal service environment; designing a

procurement and contract management systems; private sector harmonization; and reorganization and redistribution of a number of service functions (Infrastructure and Environment, 2010).

6.4.1.3.5 Police and Emergency Services

The United Arab Emirates, including Abu Dhabi, has one of the safest and sound environments across the world. The General Directorate of the Abu Dhabi Police is accountable for the establishment of a safe and protective environment in the Emirate. In addition, other government departments also assist the General Directorate to maintain public confidence by keeping the crime rate at the lowest possible level. There are four challenges at national and Emirate levels that drive the growth of future policing requirements. These challenges are supervising and controlling the basic needs of rapidly increasing communities, taking corrective actions in response to revolutionizing changes in terms of security, road safety provision, and hiring professional forces. In this regard, the government's initiative is based on a strategic plan consisting of seven points: (1) concentrating on operational efforts to preserve stability, minimize the crime rate, and encourage safety and protection within the Emirate; (2) developing confidence and faith by communicating and coordinating; (3) improving the excellence of police, emergency, and correctional services; (4) attaining paramount value in the liberation of services; (5) training and development of the police force, as well as members of the emergency and correctional services; (6) encouraging honesty, integrity, and ethics at individual and corporate level; and (7) providing new technology-based machinery, tools, and all necessary equipment to ensure the delivery of efficient and effective services (Infrastructure and Environment, 2010).

6.4.2 Representational schema PE

This domination assists in the understanding of the implementation of an accounting system within an organisation.

"Each entity should take in its consideration that its strategic plan must be coherent and fit with the Abu Dhabi vision 2030. Also, each entity should understand the actual environment in order to set an achievable strategic plan" (Abu Dhabi Strategic planning Agenda, 2007). It can be observed that the ADEC guide the entities to focus on one vision and that all their individual visions should be aligned with the government vision.

Also, the accounting systems and performance indicators are given clear attention by ADEC. At the beginning of 2010, a workshop on the "New Government Accounting Directory" was organised by Abu Dhabi's Department of Finance for two key purposes: (1) to devise a new financial and accounting system of key performance indicators; and (2) to harmonize the financial and accounting systems of all government departments for the delivery of optimal performance. A total of 140 government representatives, including executives, managers and other key staff members, attended the workshop. Throughout the workshop, spokespersons from the Department of Finance clearly described the ambition behind the new government strategy for standardizing the accounting system. In this regard, the first draft of the accounting directory was presented during the workshop. The representatives from other government departments provided their feedback to shape the final version of the directory. The final version, with new and amended standards, was then distributed across the Emirate of Abu Dhabi (Economic Development Policy, 2010).

While addressing the workshop, the Executive Director of the Department said: *"Under the guidance of H.H. Sheikh Mohammed bin Khalifa Al Nahyan, Department of Finance Chairman and member of the Abu Dhabi Executive Council, the Department of Finance is leading the Abu Dhabi Government's plans to decentralize the management and execution of budgeting plans for each government department, while unifying the financial and accounting systems*

used by them. This standardization is critical for the effective development of unified financial reports which can be seen as more transparent and accountable".

He further explained that the new financial and accounting system is based on International Accounting Standards as part of the membership criteria of the International Bank for Reconstruction and Development and International Monetary Fund (Economic Development Policy, 2010).

In order to devise a new system, a few experienced advisors from New Zealand and Australia were also consulted. These experts were specialized in designing world-class accounting and financial systems. A few of them attended the workshop to share their experiences and to present the “Accounting Accrual System” project which is considered to be an essential element of the new accounting directory. It is strongly believed by the higher authorities and the Department of Finance that the new system will be helpful for government and the private sector with regard to financial reporting at the international level (Economic Development Policy, 2010).

6.4.3 Domination perspective PE

Abu Dhabi Executive Council ADEC has a formal structure that clarifies the hierarchy and the relationship between all the entities. Also, it shows the control process for the Executive Council on the entities within Abu Dhabi Emirate. Figure B1 in appendix B shows the ADEC structure and the position of ADP within this structure. It can be seen that all entities stand at same level from ADEC which means that the policy and economic standards are implemented from the top level.

6.4.4 Critical Factors at Economic and Political Level

In the following subsection, the research explores the evidence concerning the factors which relate to the EP level located in the documents that were subject to the reviewing process. Those factors are: structure, leadership and culture.

6.4.4.1 Structure

Structure is one of the critical factors that had a clear impact on facilitating the change process and mainly in the accounting system change. Abu Dhabi Strategic Planning Agenda, 2007, stated that: *“Entity strategic planning should start with an overview of the entity itself. This includes identifying the Organisation Structure, Core*

Business Areas, and Key Stakeholders” [Abu Dhabi Strategic Planning Agenda, 2007, p23].

Also, ADEC had explained to all entities about the steps of developing their structure in order to achieve the entity’s strategic plan, including the approved KPIs. The agenda stated that:

“A detailed diagram that displays the relationships between the various Divisions in the Entity and shows the number of employees in each structure gives an indication of an Entity’s capabilities in meeting its strategic plans.

To create or update the Entity’s organisational structure, the Strategic Planning Tasks Force should:

Step 1. Collect Information – List the high-level current organisational structure in terms of divisions, roles, responsibilities, information flow, reporting structure, decision-making and the number of current staff in each of the identified parts of the structure.

Step 2. Describe the Entity

Step 3. Draft the Structure and include the staff count.” [Abu Dhabi Strategic Planning Agenda, 2007, p24].

According to the above document, the ADEC explained to the entities about the process of developing their structure in order to assist the implementation of the strategic plan.

6.4.4.2 Leadership

Leadership style has played a key role and is still a core factor for the change process within the UAE, in general, and in Abu Dhabi, in particular. It affected all aspects of the change process in the UAE. Also, it is useful to begin with a statement made by the President of the United Arab Emirates:

"One of our important objectives for the coming stage is to create the suitable circumstances enabling the citizens to have more involvement and greater participation" [Abu Dhabi Strategic Planning Agenda, 2007, p23].

Also, the ambitious vision that the President of the UAE would like from all entities in Abu Dhabi can be clearly seen: to work co-operatively and set up the strategic plan that fits with this vision.

"In order to deliver these outcomes, the individual departments and authorities of the Government of Abu Dhabi must work together in an effective and highly coordinated manner. The continuing and shared understanding of our objectives, for which this defining policy agenda lays down the framework, will provide the foundations for our future success.

However, the Government cannot achieve these ambitions alone. Harnessing the energy, talents and dedication of the local private sector, academic institutions and individual UAE citizens, is essential. As too is the ability to draw upon the very best expertise available internationally.

The publication of this agenda signifies the beginning of a new era for our Government and public sector, in terms of accountability and transparency. Our success will be measured by our ability to use the resources and competitive advantages available to us to truly achieve the status of a leading global economy." [Abu Dhabi Strategic planning Agenda, 2007, p7].

Moreover, it is important to mention the massive support that was provided by ADEC in order to improve the services that were provided from entities to the citizens and the guidance that was offered by ADEC to achieve excellence in the services. H.H Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, Chairman of the Executive Council, took responsibility for improving the public sector in Abu Dhabi in order to be in top five governments in the World. Also, he had the

necessary will and foresight. Moreover, he has a charismatic form of leadership that led to the development of large and fast-paced progress in Abu Dhabi in all fields, especially in the development of management in the government, as well as in adopting the latest management techniques that would contribute to the development of Abu Dhabi to become one of the top five governments in the world with a high level of culture and sophistication.

His Highness also contributed to the application of modern standards of management accounting systems and performance indicators, as well as implementation of the Excellence Awards, which influenced the development of thought and action for all entities in Abu Dhabi.

“Based upon the successful story of the Sheikh Khalifa Excellence Award (SKEA), named after H. H. the President of the UAE, may Allah protect him, and the visible success it had upon organisational performance in the private sector, and in order for our total development campaign to move on two adjacent and integrated legs for the private and the public sectors, we called for the establishment of the Abu Dhabi Award for Excellence in Government Performance to have the same impact on the government departments and other organisations, through the development of people competencies, processes and system’s improvements and the simplification of procedures and optimum utilization of Information Technology leading to E-Governance implementation in the Government of Abu Dhabi.

The Abu Dhabi Award for Excellence in Government Performance emphasizes the need to achieve fullest customer satisfaction (locals or expats) and such trends from now on, shall be regularly monitored and published on regular bases for the benefit of all government departments.

Therefore, I call upon all chairmen, and other senior officials to energetically and effectively participate in all programmes and activities of the Abu Dhabi Award for Excellence in Government Performance. You should all continue to work seriously and continuously to maximize the benefit from the Excellence model criteria as well as the best practices to be availed through the award

office at the at the General Secretariat of the Executive Council” [ADP Excellence Report, 2007].

The previous paragraph indicates the clear role and involvement of the leaders from the top level within Abu Dhabi in the strategic change plan. Also, it explains the will and the consideration of the circumstances that surrounded this implementation.

6.4.4.3 Culture

Abu Dhabi is a capital and the largest city of the United Arab Emirates with a prosperous and diverse cultural history. The discovery of oil in the Emirate led to welcoming a huge amount of foreigners from the entire world and this resulted in the new economic prosperity and also opened up the local traditions, heritage and culture to enormous external influences. Abu Dhabi has a convivial and friendly culture surrounded by Arabian tradition and values. The Emirate abounds with a number of dazzling places including green oases, broad beaches, amazing mountains, stunning desert landscapes and over 200 islands. The tourism policy of Abu Dhabi is primarily based on the consideration of these natural assets of the Emirate. The Emirate offers a variety of business opportunities on the basis of its culture and heritage, ranging from spas, theatres, golf courses, convention centers, luxurious hotels, and museums renowned worldwide (Abu Dhabi Strategic Planning Agenda, 2010; Social and Human Resources Policy, 2010).

The Executive Council of Abu Dhabi, under the supervision of Sheikh Khalifa bin Zayed Al Nahyan, regularly attempts to maintain the unique values, traditions and culture of the Emirate by ensuring a vibrant mixture of other cultures. In this regard, the restructuring programs throughout the Emirate have been initiated to achieve modernization goals and to improve the lifestyles of the inhabitants. Abu Dhabi’s government continuously organizes a range of cultural programs and events throughout the whole year to raise awareness

among expatriates and Emirati nationals of its cultural values and traditions (Abu Dhabi Strategic Planning Agenda, 2010; Social and Human Resources Policy, 2010).

The Abu Dhabi Authority for Culture and Heritage was established to preserve the long-standing cultural needs of the Emirate. The authority ensures the identification of cultural and historical values and traditions, whilst also being involved in numerous urban planning decisions. In addition, the authority is responsible for organizing exhibitions, educational programs, and conferences to encourage activities related to the tradition and culture of the Emirate. In this regard, the Department of Transport and several other departments assist the authority to ensure the availability of appropriate resources during the events (Abu Dhabi Strategic Planning Agenda, 2010; Social and Human Resources Policy, 2010).

A newly established Corporation Social Responsibility (CSR) academy in Abu Dhabi aims to promote local and Arab values and traditions at corporate level within the private sector. The academy conducts various programs and training courses throughout the year to develop awareness among the community. The academy is strongly supported by a number of entities including the Emirates Group for CSR, Abu Dhabi Department of Economic Development, Abu Dhabi's Chamber of Commerce and Industry, and Abu Dhabi Centre for Organisational Excellence (Abu Dhabi Strategic Planning Agenda, 2010; Social and Human Resources Policy, 2010).

6.5 Organisational Field Level

There are no clear finding in the documents that relate to the legitimating grounds, representational schema and domination perspective at the organisational field level.

6.5.1 Critical Factors at the Organisational Field Level

There is one main factor that had been explored in the organisational level field and it related to the partnership culture that was introduced by ADEC.

6.5.1.1 Partnership

At the beginning of 2005, the Abu Dhabi government developed a strategic plan to reform the government structure for the purpose of increasing competence levels, as well as to improve the quality of the services. The strategic plan illustrates the government's efforts towards promoting economic growth and diversification. Before putting this plan into practice, the General Secretariat of the Executive Council reviewed the entire government processes to reassess the responsiveness of the government in addressing the needs and demands of the inhabitants. Subsequently, the General Secretariat launched an e-portal under the supervision of Chairman of the Executive Council, Sheikh Mohammed bin Zayed Al Nahyan. This e-portal was launched to achieve the government's long-term vision which is mainly based on establishing a 'good governance' system in the Emirate. This means that government entities will not only provide services, but in fact they will also act as supervisory and regulatory bodies for the private sector (Abu Dhabi Strategic Planning Agenda, 2010).

According to the strategic plan, the government entities were entitled to: manage their own priorities; formulate plans and strategies towards specific areas; adopt the finest practices for performance improvement; deliver tremendous services to their clients; conduct standardised training and development programs for the sake of their employees; establish partnerships with specialised global institutes; and adhere to the concept of realistic and sound government. To put the strategic plan into practice, the government authorities and

departments constantly coordinated with each other to deliver optimal performance. The Executive Council continuously supervised their activities to determine whether the government's procedures were aligned with the government's vision. This ongoing monitoring and harmonization between government authorities and departments made Abu Dhabi an excellent place to visit, live, and work. Due to this continuous consultation, 27 authorities and departments successfully finished their strategic plans at the end of 2007. To achieve this, a total of 202 strategic priorities, 636 strategic objectives, and 1499 government initiatives were defined in more than 350 meetings and 20 workshops (Abu Dhabi Strategic Planning Agenda, 2010).

The government entities that declared the completion of their strategic plans were as follows: the Department of Planning and Economy; General Directorate of Abu Dhabi Police; Department of Transport; Environment Agency; Department of Municipal Affairs; Education Council; Department of Civil Service; Health Authority; Tourism Authority; Systems and Information Committee; Investment Council; Abu Dhabi Water and Electricity Authority; Al Ain Municipality; Abu Dhabi Fund for Development; the Finance Department; the Abu Dhabi Culture and Heritage; the Khalifa Fund; Abu Dhabi Council For Economic Development; Abu Dhabi Sport Council; Retirement Pensions and Benefits Fund; Food Control Authority; Zayed Higher Organisation for Humanitarian Care; and Emiratisation Council (Abu Dhabi Strategic Planning Agenda, 2010).

The above authorities and departments were continuously monitored and supported through an advanced system for performance management developed by the General Secretariat of the Executive Council by considering international standards. The aim of monitoring the performance of the government entities was to eliminate or reduce major obstacles from the entire system. This enabled public entities to unify their vision, illuminating their paths in the direction of a certain and a bright future for a safe and sound community, and

sustainable economic growth capable of excelling and competing (Abu Dhabi Strategic Planning Agenda, 2010).

6.6 Organisational level

There are no clear finding in the documents that relate to the legitimating grounds, and representational schema at organisational level.

6.6.1 Domination perspective

The domination perspective relates, mainly, to the role of structure in the organisation in implementing change and accounting change. Therefore, the factor that facilitates the change programme and organizes the performance in the ADP which is located in the domination perspective is ADP structure. ADP witnessed a crucial change in its structure. In 2003, the General Director of ADP was supervising 17 departments which could affect the level of attention that could be given and the decision making process (ADP Strategic Plan Document 2003 -2007, 2003). However, in 2007 the structure was reviewed to become aligned with the new strategic plan 2008-2012. The new structure was modified according to the ADEC requirement, SWOT analysis, stakeholders' interests and community needs. It reorganized and decreased the structure from 17 departments to become six general directorates under the Commander General of Abu Dhabi Police as illustrated in figure B2 in appendix B.

According to the ADP Strategic Plan Document 2003 -2007, the previous structure had influenced the implementation of the strategic plan negatively due the large number of departments and the various geographic locations of those departments. Also, there were various reasons that related to the supervision of the performance, including KPIs and the decision-making process. The document explained this issue, stating that:

“Centralization of decision-making, lack of clarity in duties and responsibilities, conflict of specializations, non-implementation of a modern policing system, and a hierarchical and bureaucratic structure were reasons impeding the implementation of the strategic plan” (ADP Strategic Plan Document 2003 -2007 :p12).

The ADP’s new structure contained several departments under each of the general directorates that focused on functional aspects that related to the nature of each general directorate. The new structure could be described as a flat structure, containing three levels that influence the level of performance and the quality of the decision-making process. According to the ADP Strategic Plan Document (2003 - 2007):

“The directorates are categories under two groups; Firstly, Supporting groups that included the Finance and Human Resources. Secondly, Operational groups that contain: The General Directorate for Policing Operations, The General Directorate for Establishment Protection, The General Directorate for Central Operations and The General Directorate for Security Affairs & Ports that deal with day to day policing services and activities. This structure had an impact on the effectiveness of communication in ADP. Also, it organised the governance and responsibility between all departments within ADP” (ADP Strategic Plan Document 2003 -2007: p10).

6.6.2 Critical Factors at Organisational level

In the following subsection, this research presents the factors that have been found from the documents and those factors located at the organisational level within ADP. Those factors are: leadership; communication; accounting system; training; resources; and politics.

6.6.2.1 Leadership

Leadership as a critical factor at organisational level was clearly stated in ADP. The strategic plan 2003 – 2007 document clearly

explained the involvement of the leadership in leading the change programme, including performance management. The Minister of Interior had called for a strategic plan that was guided by a vision: *"To be the most operationally effective police force possible in one of the safest countries in the world"* (The Strategic Plan Document 2003 – 2007: p2)

This strategic plan focused on seven strategic goals:

"1- Focusing all our operational effort on maintaining stability, reducing crime and promoting reassurance and safety within our communities.

2- Building the trust and confidence of our communities by effective consultation and effective communication.

3- Improving the quality of our service and of our overall performance.

4- Achieving best value in the delivery of our service.

5- Developing the talents and abilities of all members of ADP to achieve our professional goals.

6- Promoting corporate and individual honesty, ethics and integrity.

7- Providing equipment, buildings and technology which promote the delivery of effective and efficient services" (The Strategic Plan Document 2003 – 2007: p3).

Also, the leadership in ADP had introduced the TQM in ADP and provided the support that is required to implement its standards. It had officially started in 2003, had covered all ADP departments by 2007 and it is still continuing in its role for new departments. Moreover, the leaders in ADP approved the establishment of new department in its structure that relate to strategy and TQM. The Strategic Plan Document 2003 – 2007: p24 had mentioned that:

“TQM had supported the documentation of procedures in ADP which add value in auditing the performance that are based on implementing the approved Quality document” (ADP Excellence Report, 2008).

Indeed, the previous documents explained the role of leadership, as a factor, in setting a strategic plan in ADP. Also, their clear role has been explored in introducing the accounting systems and KPIs within ADP.

6.6.2.2 Communication

Communication was considered in the documents as a factor that interpreted and communicated the change programme within ADP. Also, it mentioned clearly the communication of EFQM and KPIs through ADP at all levels. For example:

“ADP had used many communication tools in order to increase the awareness of the strategic plan and cascading the KPIs to cover all ADP’s levels. Those communication tools were: workshops, meetings, committees, intranet, open-door, brochures, stands, internal magazines, e-newsletters, emails and sms” (ADP Strategic Plan Document 2008 -2012: p26).

Also, the leaders in ADP had systematic meetings with their employees in order to discuss the updated objectives and KPIs. The ADP Excellence Report (2008) stated that:

“A comprehensive police station implements systematic meetings that involve all the staff within the police station in order to evaluate the performance based on the approved KPIs. The agenda and the recommendations that are approved from the meeting are sent to Operational Department in order to follow up and provide the required support for the CPS”

Even though ADP adopted several tools for communication, there is some doubt over the effectiveness of those tools, especially regarding

the level of understanding of the messages that leaders wanted to pass on to their employees. According to the ADP Excellence Report (2008), ADP had carried out a questionnaire in order to measure the level of awareness and understanding of its employees and the results showed that there was a need to increase the level of awareness and involvement in the strategy and performance.

6.6.2.3 Accounting Systems

Regarding the role of the accounting system as a factor, it was mentioned in the documents, but only to a limited degree. Also, it was mentioned as a guide for EFQM as an award to improve the performance and recognise the importance of KPIs for an objective and its specification (ADP Strategic Plan Document 2003-2007, 2003; ADP Excellence Report, 2008).

6.6.2.4 Training

Training can be considered as another factor that was explored by analyzing the documents. The ADP Excellence Report (2008) showed that a training programme had been provided in ADP which related to managerial and operational aspects. The figures mentioned in the documents showed that in 2006 the percentage of trainees was 50.75% of the total of ADP staff. However, according to the same documents, this percentage showed an increase, reaching 56.27% in 2007. Also, the types of training course that related to strategic planning and performance management increased dramatically from 10% in 2006 to reach 40% in 2007, especially for officers at all organisational levels within ADP. (ADP Excellence Report, 2008)

6.6.2.5 Resources

According to the ADP Excellence Report (2008), the resources allocation to implement the strategic plan and to achieve the KPIs had been clearly discussed, for example;

“The introduction of the strategic plan and its KPIs had required a support from the strategic department for all departments within ADP. Therefore, the leaders in ADP provided the required resources, including human and non-human, to be controlled by the strategic department. They started to have strategic coordinators in each department and their core role could be summarized by two tasks: provide a strategic and performance management consultancy; and follow up the achievement of KPIs and excellence standards requirements” (ADP Excellence Report, 2008: p9).

Also, in order to achieve the required KPIs at operational and field level, the ADP had provided support to its police stations all around Abu Dhabi Emirate. The documents were clear that:

“To implement the accounting system and achieve the KPIs effectively, comprehensive police stations had been supported by appropriate human resources and equipment” (ADP Excellence Report, 2008: p10).

6.6.2.6 Politics

Politics, as one of the identified factors in the interview analysis, was not clear in the documents. However, it was noticed that the increasing role of the Strategic and Performance Development Department in the ADP had affected the performance politically. Also, it had this impact according to its link in the ADP’s structure to the General Secretary of the Minister of Interior (ADP Strategic Plan Document, 2008 -2012, 2008).

Moreover, there was a committee that held a systematic meeting in order to discuss the strategic update and the overall performance in all general directorates. This committee had a crucial political role in leading ADP and the members were the head of each general directorate within ADP” (ADP Excellence Report, 2008).

6.7 Summary of Document Analysis

This section has provided the document analysis that was considered for both ADEC and ADP. There were eight documents related to the strategic change and accounting change. Also, the document findings in this research were organized by using the Dillard *et al.* (2004) framework. The economic and political level was the first main level in the institutional levels and it also contains three main aspects: the legitimating grounds, representational schema and domination perspective. The document findings in legitimating grounds presented the Abu Dhabi strategic planning agenda by giving explanations under the following headings: economic, social, environment, infrastructures and government excellence. Also, the representational schema at EP level was explained. The structure of ADEC was presented in order to explain the domination perspective at EP level. In addition, the critical factors at the economic and political level were addressed. Those factors were: structure, leadership and culture.

Regarding the organisational field level, there were no clear findings regarding the legitimating grounds, representational schema and domination perspective within this level. However, the critical factor at this level was investigated and it was the same as the interview finding, i.e. partnership.

The last level of institutional levels was the organisational level, for which there were no clear findings regarding legitimating grounds and representational schema that related to accounting change in ADP. Nevertheless, there were some document findings regarding the domination perspective which were explained, including an explanation of the ADP's structure. Finally, the critical factors at organisational level were identified. Those factors were: leadership, communication, accounting system, training, resources and politics.

6.8 Conclusion of this chapter

This chapter was divided into two main sections: interview findings and document findings. Firstly, the interview findings summary was discussed in section (6.2.6). The implementation of the interview method enhanced the level of understanding of the strategic change, in general, and accounting change in the public sector, in particular, that were introduced and implemented in Abu Dhabi Emirate. Also, this method provided detailed and clear facts that led to exploring and examining the factors that influence accounting change in ADP. Moreover, it clarified the feelings that had been noted in the interview process.

Secondly, the document findings summary was explained in section (6.7). The application of document analysis enhanced understanding of the real situation with regard to the Abu Dhabi government and ADP, as well as supporting and supplementing the interview analysis. The analysis of documents mainly focused on investigating the critical factors that have influences on accounting change in ADP.

Table 6.3 provides a summary of the main critical factors that were identified from interview analysis and document analysis which related to the different institutional levels.

Table 6.3 – Summary of key critical factors

Institutional level	Methods	Critical factor
Economic and Political level	Interview analysis	structure, leadership, culture, ADEC team and resources
	Document analysis	structure, leadership and culture
Organisational field level	Interview analysis	partnership
	Document analysis	partnership
Organisational level	Interview analysis	leadership, communication,

	accounting systems, training, internal policy, culture, resources and politics
Document analysis	leadership, communication, accounting system, training, resources and politics

These factors were located in different institutional levels which mean that each factor has a different impact on accounting change. Also, each factor had different actors and varying degrees of influence within accounting change. Moreover, there were some relationships between a numbers of factors, an issue which is addressed in the next chapter.

The next chapter will provide a discussion of the findings of the interview and document analysis, along with consideration of the existing literature and theory. Also, it will examine the findings in the light of other studies in order to enhance understanding. Finally, the next chapter will explain the impact and role of the factors on accounting change in the Middle East and particularly in the UAE.

Chapter 7: Discussion of Findings

7.1 Introduction

This research focuses on exploring and examining the critical factors that influence accounting change in the public sector. Also, the consideration of these factor leads to answering the main research question of why and how ADP implemented the strategic change and how, if at all, the ADP's management accounting change responded?

In addition, this research responds to the call from the literature that there is a need for further investigation into the factors affecting accounting change in order to understand and reduce the failures that can occur during its introduction and implementation. Moreover, the majority of previous studies present accounting change and accounting systems in the private sector without giving any detailed attention to the public sector and its impact therein (Burns and Vaivio, 2001, Jahamani, 2003; Waweru *et al.*, 2004; Alawattage *et al.*, 2005; Hassan, 2005; Chrusciel and Field, 2006; Hopper *et al.*, 2007). Furthermore, many authors argue that there is a need to investigate the macro and micro level of organisations by explaining the external and internal environment in order to increase understanding of the response to management accounting change in those organisations (Hopwood, 1987; Hopper *et al.*, 2007).

Moreover, this research responds to those authors who state that there is a lack of studies in management accounting change in Middle East organisations. Therefore, the research adopted the Abu Dhabi Police as a case study from Middle East culture and in the public sector field (Jahamani, 2003; Hassan, 2005).

In order to achieve the research objectives, the research implemented two qualitative methods in the data gathering process: interviews and document analysis. The interview method was

conducted with 20 interviewees from different institutional levels in order to provide a comprehensive understanding of the three levels in Abu Dhabi Emirate and to investigate the strategic change that was implemented by ADEC. Also, the document analysis method was applied in order to enhance the interview findings. A summary of the findings was presented in section 6.8 Table 6.2.

This chapter begins with a discussion section, including a description of the framework that was adopted from Dillard *et al.* (2004) with additional modifications that explain the position of the critical factors within this framework. Then, the economic and political level is explained by discussing the critical factors that are located in this level: power, structure, leadership, culture, change agency, resources and accounting systems. Next, the organisational field level is presented by exploring the key critical factor: partnership culture. After that, the critical factors located in the organisational level are discussed, including power, structure, leadership, communication, accounting systems, training, internal policy, resources, politics and culture. Finally, the nature of the relationship between ADP and ADEC is discussed by explaining the innovators and late adapters aspects.

7.2 Discussion

Abu Dhabi Government took the responsibility for implementing a holistic change programme within the Emirate. It can be observed from the findings that ADEC set a general agenda in 2007 that concentrated on collaboration between its entities and requested a strategic plan that organised their activities. Also, ADEC required the setting up of a system to organize and evaluate performance related to the Abu Dhabi Vision. Moreover, the findings explain the reasons for setting up the change programme and how it has been implemented. Nevertheless, ADP had already set up a strategic plan in 2003, a factor which had a positive impact on devising the new strategic plan which took place from 2008 – 2012. In other words,

ADP had experience regarding accounting systems and set the KPIs as its goals.

Also, the accounting change programme was implemented coercively on Abu Dhabi's entities and this had an impact on the factors that affected the introduction and the implementation of the change process in those entities. Additionally, the general findings can be described in terms of a clear vision of Abu Dhabi Emirate where "The Abu Dhabi Economic Vision 2030 aims to achieve effective economic transformation of the Emirate's economic base and bring about global integration to all. Abu Dhabi has a core commitment to build a sustainable and diversified, high value-added economy by 2030" (The Abu Dhabi Economic Vision 2030: p10).

In order to structure the discussion of findings, the research will discuss the findings based on the developed framework from the Dillard model (2004) that is illustrated in Figure 7.1.

At the economic and political level, the process started with the norms and practices, as criteria (**CPE**) that were accepted in a societal context which is influenced by the power located at this level. Also, at this level, the critical factors that were explored had a clear impact on the implementation of economic and political criteria. Moreover, at the organisational field level, the economic and political criteria became criteria (**COF**) and practice (**POF**) and translated as functions (f) and expectations for both (**CPE**) and (**COF**) which legitimate the actions within this level. Furthermore, the practices (**POF**) at organisational field level support the organisational level by providing the legitimating base. The partnership, as a factor in this level, has an impact on developing the accounting standards for the industry and for the group of authorities, as was found in the current research case study (Dillard, *et al.*, 2004).

At the organisational level, the organisations are categorized as innovator organisations (developing new practice) or late adaptor (implementing the practice) organisations. The definitions of 'innovators' and 'late adaptors' were clarified in section 3.3.3. ADP played both roles in introducing and implementing the accounting change (Dillard, *et*

al., 2004; Hopper and Major, 2007). Also, the critical factors that were explored have an impact on the successful implementation of accounting change and lack of attention to these factors could impede this implementation.

Moreover, the new innovative practices and adoption of these practices may influence the legitimate practice (P'**OF**) and criteria (C'**OF**) in one of three ways: reinforcing, eliminating and revising extant practice that is located in the organisational field level. In addition, these influences and changes may have impact on the criteria that are located at the economic and political level which may lead to a new contextual environment. Also, changes in (C'**PE**) may affect the power distribution which is related to the resource allocation within the social order (Dillard, *et al.*, 2004; Hopper and Major, 2007).

The research focuses on critical factors that influence the introduction and implementation of accounting change in ADP that are located at different levels and have different impacts within each level. Firstly, the factors located in the economic and political level are discussed, including the following factors: power, structure, leadership, culture and the ADEC team and resources. Subsequently, in the organisational field level, partnership as a main factor is explained. Finally, the critical factors located in the organisational level are discussed, including the following factors: power, structure, leadership, communication, accounting systems, training, internal policy, resources, politics and culture.

In this chapter, the research discusses the interview and document findings in order to understand why the Abu Dhabi local government was subject to an organisational change programme and to understand how management accounting responded. Also, the critical factors that have an impact are explored at each organisational level. Moreover, it is important to mention that there are several factors that are repeated and the reasons behind this are related to the following: the different role of some factors at each level; different nature and actors for some factors; different levels of understanding

and purpose at each level; different impacts for different factors at different levels; different usage of a factor at different levels; and different authorities that relate to the implementation of the change programme (Dillard *et al.*, 2004; Hopper and Major, 2007).

Figure 7.1 – The research developed framework

7.2.1 Economic and Political Level

The theoretical framework chapter explained how the economic and political level comprises three elements: economic, political and social systems. This level regulates and supports the organisational field level by providing the norms and practice in order to guide the organisations in applying suitable practices to improve the services and the overall effectiveness (Dillard *et al.*, 2004).

7.2.1.1 Power

The role of power was obvious within the economic and political level and it was explained in legitimating grounds. The review of the literature suggests that at the economic and political level and the organisational field level, it applies to the systems themselves which are accepted by the dominant ideology (Dillard *et al.*, 2004; Hopper and Major, 2007). Also, Hopper and Major (2007) found that power is considered one of several factors included in accounting change; for instance, the ABC system within the Portuguese Telecommunication company. Moreover, it is important to evaluate the role of power in facilitating the implementation of a change programme (Powell, 1985). The majority of interviewees were in agreement with the previous literature, confirming that ADEC has a clear role at using power to facilitate and implement the accounting systems such as EFQM, KPIs and BSC. Also, the interviewees mentioned the top-down method as being important in the introduction of the accounting system. Moreover, the two interviewees from the EP level stated and agreed that ADEC has used power to shape the performance through setting clear standards.

It has been argued that coercive adjustment of institutional practice occurs when the organisation has to implement a practice under stress and is usually imposed by a dependent actor which could be a government who have political influence that could be used to affect

economic aspects in order to regulate the organisational practices of the entities (Dillard *et al.*, 2004; Hopper and Major, 2007). Also, Graetz *et al.* (2002) explained power by categorizing it into two types: formal power and personal power. There are four kinds of formal power: coercive, reward, legitimate and information power. This means that coercive and legitimate power had a clear impact on implementing accounting change in ADEC's entities, based on the dominant ideology and controlling human and material resources (Dillard *et al.*, 2004; Hopper and Major, 2007).

The interview findings corroborate these arguments, showing that there was agreement with the coercive adjustment of the accounting change system and it had been imposed from ADEC as part of the strategic plan that took place within Abu Dhabi Emirate in 2007.

However, the interview findings revealed that 60% of interviewees from all organisational levels agreed that this coercive implementation included a participative role played by ADEC through providing support which included workshops and consultations. This indicates that there is a slight contradiction with previous studies that mention that coercive adjustment arises in many organisations through political influence and legitimate government action designed to regulate organisational practices. The interview findings insist that there was a participative role in implementing the new accounting system on Abu Dhabi's entities.

7.2.1.2 Structure

The interview findings and document findings in the present study at EP level are in agreement regarding the current formal structure and they state that it was appropriate to control the entities effectively and emphasize the successful implementation of the change programme, especially through the Executive Council which consists of the head of each of the entities in Abu Dhabi Emirate. However, there was an area of contradiction in terms of the structure

mentioned by McCourt (2003) who stated that there are reasons that cause a delay of (NPM) application relating to several elements of the organisational structure of government and political factors prevailing.

Also, 80% from the results of the interviews agreed that structure was an important factor that should be considered and modified in order to apply the change programme, to implement the government policies and apply the new accounting system within an organisation. An examination of the relevant literature (Ammons, 1996; Sotirakou and Zppou, 2006) confirms this finding. They state that many public organisations implement performance models and systems in order to enhance the performance in their organisations and make the required changes in their strategy, structure and all aspects that relate to the concept of modernization.

Moreover, as can be seen above, the document findings showed that ADEC focused on improving the entities and requested from them a review of their structure in order to customize it to facilitate the implementation of their strategic plan. Indeed, ADEC went further by providing strong support by explaining to its entities the steps and processes that assist in reviewing the structure in order to adjust it to their strategic plan, including KPIs. This is another example that supports the participative role within the coercive implementation from ADEC.

7.2.1.3 Leadership

In general, the interview and document findings at all organisational levels were in agreement that leadership is the most important and crucial factor that influenced the introduction and implementation of the change programme, including accounting change. Also, this agreement included the leaders at the economic and political level, organizational field level and organizational level with different types of impact.

Also, the interview findings revealed a contradiction at EP level which related to the relationship between the two factors of leadership and power. This contradiction raises a new issue that assists in understanding the type of power that leaders in the EP level are characterized by when implementing the new accounting system in all Abu Dhabi's entities. Interviewees at EP level mentioned that the leadership was transformational rather than bureaucratic, which contradicts what had been stated in the literature that suggested leaders in Middle East are autocratic rather than transformational leaders (Budhwar and Mellahi, 2007). Moreover, the leaders focused on outcomes rather process, which gave the opportunity to the entities to implement what was suited their characteristics and environment. Furthermore, the leaders at ADEC, including top management, gained their authority from legitimate, coerciveness by imposing the change programme and reward power. This is clearly seen in their rewarding best practice and high performance achievements. Also, the document findings took a similar position regarding the Abu Dhabi Strategic Planning Agenda (2007) which mentioned that success for the entities will be measured by the ability to use and deploy resources and competitive advantages available to the entities to truly achieve the status of a leading global economy.

The examination of relevant literature (Martins and de Toledo, 2000; Graetz *et al.*, 2002) confirms this finding. They state that the power that leaders have to influence change could be categorized it into two types: formal power and personal power. Formal power can be divided into four styles: coercive, reward, legitimate and information power. Regarding coercive power from the leader at EP level, it was identified from the interview findings that ADEC have the authority to raise any low performance of any entity. In such cases, the entity must present itself to the head of ADEC in order to understand the reasons for applying the required actions and this includes failures in implementing accounting systems. Moreover, the findings confirm

that the reward power that leaders have affects the implementation of accounting system. For example, the introduction of the EFQM award in 2007 to improve the entities' performance had a massive impact on the entities and opened a competition between them in order to score the highest and to win the majority of awards, ADP gaining the most success in the first award cycle. The third style of power, according to the findings, was legitimate power, which was practiced by leaders based on the ADEC structure that gives them the official authority to provide the resources, introduce and guide the changes that lead to the 2030 Abu Dhabi Vision and encourage the entities to implement those changes within their organisations.

Also, it was identified from interview and document findings that charismatic leadership had been clearly mentioned by 80% of the interviewees from all organisational levels and they directly link the success of Abu Dhabi Emirate's change to the clear vision of H.H. Mohammad Bin Zayed, the Crown Prince of Abu Dhabi and the head of ADEC, who was central to the strategic change programme. These findings are in agreement with some previous literature (Burns and Vaivio, 2001) that stated there are two aspects of change in the management of change process which are located centrally and locally. In the central aspect, the top management plays a significant role in the change process, partly because senior managers understand the need for change and plan for it.

In addition, the interview findings show an interesting result that establishes a strong link between the personal power of the leader and formal power. It has been mentioned that even though the introduction of strategic change and accounting change were coercive, the charismatic nature of the leader of ADEC led to a clear and acceptable explanation of where the entities should be going and emphasised the benefit that would be gained from implementing the change programme. Also, he personally followed up the implementation, rewarded achievement and provided massive

support to the other entities so that they could be in parallel with the best entities such as ADP. Therefore, the personal power of that leader is characterized by what could have an impact as a result of formal power facilitating the change programme and encouraging the entities to adapt the accounting system to improve their performance.

7.2.1.4 Culture

A review of the literature on the subject of culture revealed that organisational change, including accounting change, has a significant impact on organizations' culture, such as attitudes and individuals' behaviour (Dent, 1991; Andon *et al.*, 2007). Also, it is important to take into account the role of organisational culture in introducing and implementing accounting change systems. Also, the main reason is related to the successful understanding and controlling of the organisational culture with positive influences that lead to increasing the opportunities for successful change programme implementation, including accounting change (Dent, 1991; Carnall, 2003). Furthermore, Hopper and Major (2007) found that culture had influenced the adoption of the ABC system and this influence was located at different levels of the organisation. Therefore, culture, as a factor, is discussed in the economic and political level as a top level, then it is explained as a partnership culture at organizational field level in section 7.2.2.1 and, finally, a brief discussion about the nature and role of culture at organisational level as a down level will be explored in section 7.2.3.10.

The interview and document findings at the economic and political level placed emphasis on the importance of culture as a main factor that influences the introduction and implementation of accounting change in Abu Dhabi's entities. The findings of the interviews also describe the role of culture when the entities were requested to set their strategic plan in 2007 and ADEC were aware and managed the culture of the strategic plan which was in its early stages in Abu

Dhabi. Moreover, ADEC realized, from the beginning, the importance of the involvement of some international consultants who specialized in change implementation in order to reduce the level of resistance that may have occurred during the introduction and implementation of the strategic and accounting change programme in Abu Dhabi Emirate. These results are consistent with some previous literature (Broadbent and Laughlin, 1998; Andon *et al.*, 2007) that considered the techniques and strategies may applied by organisations to reduce the effect of resistance to change and which included the involvement of consultants and change agents.

Also, they announced the change programme through a ceremonial event in order to raise awareness and involved the majority of managers and employees in Abu Dhabi's entities. Furthermore, the interview findings in the present research placed emphasis on the importance of focusing on adding value to employees rather than financial aspects. In addition, the interview findings placed emphasis on the importance of focusing on building performance culture rather than results when the new accounting system was introduced with a view to supporting the sustainability of the new accounting system. These findings confirm some previous studies that indicated a culture that is based on shared values is more supportive of the successful implementation of accounting change (Collier, 2001).

Moreover, the interview findings at EP level raised an interesting finding known as culture of red color and performance contract. The red color related to failure in achieving the KPIs that should have been achieved by the entity and it was shown through software that displays the performance in both the entity's coordinator department and ADEC. Also, it was mentioned that some entities tried to solve the low performance for some KPIs and it sometimes created a problem in the entity. Therefore, ADEC increased the awareness of the red color sometimes being a healthy indicator that may explain a realistic situation and may clarify a shortage of resources such as human or

financial; therefore it could assist at co-ordination level in providing those identified needs. Moreover, the performance contract gives authority to the leaders to implement the strategy plan and, at the same time, they are governed and accountable for their organisation's performance. These findings are in agreement with previous studies that argued factors such as culture and norms should receive careful attention during the adoption of new practices (Dillard *et al.*, 2004; Hopper and Major, 2007).

In addition, it has been found (Dillard *et al.*, 2004; Hopper and Major, 2007) that resistance influenced the adoption of accounting systems and that it was located at different levels of organisations, including the PE level. Also, it has been stated that resistance is expected in any change in an organisation and it is important to understand organisational and historical circumstances (Scapens and Roberts, 1993; Andon *et al.*, 2007).

The interview findings at EP level placed emphasis on the need for understanding and managing the expected resistance as a result of the introduction of accounting change systems. Also, it is necessary to evaluate the SWOT analysis and PESTLE analysis in order to have an overview of the entity and understand the historical and environmental situations. In addition, according to the interview findings, resistance could occur from the leaders and they should be given attention in order to improve their ability to support the change programme. These results are consistent with many recent findings, such as (Dents 1991; Scapens and Roberts, 1993; Martins and de Toledo, 2000; Graetz *et al.*, 2002), which state that the personal power of some leaders in the public sector could contain resistance, as their position at the top level in an organisation and their supportive role have a great impact on implementing change and dealing with the resistance that could occur when changes are applied.

Moreover, the interview findings at EP level clarified the reasons for resistance, stating that firstly, there is fear of the change because the organisation is used to working to a routine that they feel is suitable for them. Also, sudden changes in performance culture made them uncomfortable. Secondly, some organisations look at this change as a new pressure, especially as performance management and strategic management are new concepts and they are required to attend a lot of workshops, learn about those concepts and modify their activities to meet the requirements. These results are consistent with many previous studies (Scapens and Roberts, 1993; Martins and de Toledo, 2000) which indicate that many factors may result in resistance to accounting change and may lead to failures in the implementation, such as leaders' negative attitudes towards a change programme, fear of change and misunderstanding of the new system.

7.2.1.5 Change Agency

The interview findings reveal that change agency could be another factor that influences the change programme and accounting change introduction and implementation. This result identified an interesting finding which indicates that there are two types of change agency: internal change agency and external change agency.

7.2.1.5.1 Internal change agency

The interview findings at EP level placed an interesting emphasis on the role of internal change agency which refers to the ADEC team who were responsible for the preparation, introduction, implementation and evaluation of the strategic change and accounting change in all Abu Dhabi Emirate's entities. This result considered an area of contradiction in terms of limiting the consultation and supervision process on the external consultations agency. Therefore, this result disagrees with some of the literature, such as (Broadbent and Laughlin, 1998; Andon *et al.*, 2007; Hopper and Major, 2007), that argued that agencies that have influences and

a support role in the implementation of the accounting change system were related to the external consultation.

7.2.1.5.2 External change agency

A review of the literature on the external change agency suggests that in order to facilitate the change implementation and reduce the resistance, the organisation should use techniques that focus on employing consultants and change agents as a supportive factor in the change process (Andon *et al.*, 2007). Also, it has been found that it is important when raising an issue related to the role of consultant, they should give clear attention to the culture of the organisation and have a comprehensive historical and holistic understanding of the organisation that is subject to the change process (Scapens and Roberts, 1993; Burns and Vaivio, 2001; Andon *et al.*, 2007). These studies are supported by the interview findings at EP level which explained the important role of external change agency in supporting the introduction and implementation of the strategic change programme and accounting change system in Abu Dhabi Emirate's entities; for example the main workshop held in 2007 by ADEC that included the entities and the external consultants. Also, ADEC understands the values that may be gained by employing external consultants; values which relate to deploying and implementing best practices and providing advice in specific fields that may assist the implementation of accounting change.

However, the interview findings at organisational level had an important comment regarding the external change agent relating to their experience which placed emphasis on the importance of understanding each entity's culture, especially the police culture as a result of the nature and complexity of police services and the complicated KPIs that link to different local and international variables. This finding supports a previous study by Collier (2001) who confirmed the importance of understanding police culture when

introducing an accounting change system. Further details are discussed in section 7.2.3.10.

7.2.1.6 Resources

The interview and document findings at economic and political level indicate an agreement about the role of resources in implementing accounting changes such as EFQM and KPIs. They argued that the human resources that were already allocated for each entity played an important role and should be encouraged by their leaders to achieve the agreed deliverables and KPIs. However, there had been some difficulties related to the level of understanding within some entities and they were identified in order to increase the amount of support, including workshops, and provide intensive training programs for the entity's coordinator team who usually cascade the accounting practices that were requested by ADEC. The present results are consistent with what has been mentioned in the literature in studies such as that by Andon *et al.* (2007) who stated that resources are one aspect of many aspects that influence the precondition of the change phase. Also, it is consistent with what Graetz *et al.* (2002) argued regarding the role of legitimate power of the leader which provides them with the authority to use resources toward change programs whether they impede or facilitate the implementation.

In terms of the types of resources, the interview responses at economic and political level raised two kinds of resources provided by ADEC that had an impact on the quality of the introduction and implementation of accounting change: human and non-human. 100% of interviewees agreed that human resources were already allocated in each entity through their authority in the recruiting process and this had a positive impact on the level of professionalism. This kind of support provided by the Abu Dhabi government had led to achieving massive improvements since 2008. Also, the document findings took a similar position in that Abu Dhabi's Social and Human Resources

Policy (2010) focused on providing a professional and quality criteria for human resources and it appointed the Department of Civil Services to have the final approval about recruiting the employees that had been suggested by Abu Dhabi' entities. Furthermore, the non-human resources, which related to the financial issues, materials and building, were also available for the entities through their annual budget; however, those initiatives required extra budget, usually, and financial requirements were to be sent to the Authority of Finance. This finding is consistent with some previous research, such as Dillard *et al.* (2004) and Hopper and Major (2007), that suggests resources, including human and material, could be controlled by the third of Weber's notions, which is power.

Moreover, the interview findings within EP level identified different categories of support, tangible and intangible, that are used in order to facilitate the change process in Abu Dhabi. The tangible includes human and non-human resources, as mentioned above, and they were allocated to the entities through their authority of recruiting process and their direct connections with the Authority of Finance; however, the intangible was mentioned as a crucial role for ADEC in providing support regarding the introduction of accounting systems to their entities. This support included workshops, seminars, conferences and consultations.

7.2.1.7 Accounting Systems

It is argued (Fowler, 1999; Lin and Yu, 2002; Hopper and Major, 2007) that the kind of accounting system which has been chosen and implemented is considered as a factor that influences the controlling of performance measurement with organisational activities, customer satisfaction and achieving a strategic plan. Also, the choosing and implementation of the accounting system relates to different reasons, such as influences from regulations and consultants (Hopper and Major, 2007), imposition by government (Lin and Yu, 2002), customized according to government need (Lin and Yu, 2002),

management and top leaders' commitment (Cavalluzzo and Ittner, 2004) and political, technological, social and economic reasons (Fowler, 1999).

The interview findings agree that government needs, consultants, management commitment and top leaders within ADEC were the main reasons for choosing the accounting systems. The interview findings placed emphasis on the importance of selecting a suitable accounting system that could be implemented successfully in Abu Dhabi Emirate's entities. For example, ADEC implemented three accounting systems at one time, in addition to each entity's strategic plan, including their KPIs, for clear reasons in their view. BSC provides a framework. However, EFQM contains some requirements that each entity should have in order to achieve excellence in the entity's services and support the framework by clarifying the gaps in specific areas such as HR, process and partnership. Also, the Zero budget is a tool of budgeting which provides effective use of financial resources, especially as public sector organisations do not make a profit.

In addition, the interview findings raised an interesting point, suggesting that the nature and structure of an accounting system itself could be a reason for preferring one accounting system to another system. For example, the structure of BSC assists the organisation to explain their strategic plan in a one page strategy map.

However, the interview findings at organisational level had a different view, supported by one interviewee at EP level, regarding the impact of introducing more than one accounting system at same time, as discussed in detail in section 7.2.3.5. The interviewee at EP level mentioned that there was some ignorance of some accounting systems from certain entities and he believes that the coordinator team in each organisation should train and share the knowledge in their organisation. Also, they should explain the target of implementing the EFQM is to use it as a diagnostic framework for the

current situation, comparing it with the best practice and then working on any identified shortfalls.

Moreover, it has been found (Ferlie and Steane, 2002; Caccia and Steccolini, 2006) that in order to improve the efficiency of controlling systems in the public sector and achieve the organisation goals, governments in different countries and at different levels of development adopt and adapt a number of innovations and methods in performance measurement. In addition to previous literature, there are many public organisations that implement performance models and systems in order to enhance the performance in their organisation and make the required changes in their strategy, structure and all aspect that relate to the concept of modernization (Ammons, 1996; McCourt, 2003; Sotirakou and Zppou, 2006).

The interview findings confirm that ADEC was aware of the importance of adopting accounting systems that assist controlling the entities and increase the efficiency outcomes that shape the strategic plan and the structure in order to adapt the accounting system within the entity. Also, this finding explains the process of increasing awareness and an education programme addressing the accounting systems that were the subject for implementation in Abu Dhabi Emirate's entities.

In addition, it has been found that there are two main rationales that could explain the government action of choosing an accounting system; legitimacy-seeking and efficiency-seeking (Modell, 2001). The interview findings at EP level placed an emphasis on the importance of the government to focusing on its role as a legitimate structure that has the authority to choose the suitable accounting system and cascade it on its entities. Also, this finding confirms that ADEC concentrated on the efficiency of the results and outcomes which required adopting an appropriate accounting system, such as BSC and EFQM, for its entities.

Finally, the previous discussion tries to fill a gap in the literature regarding the need for more investigation into the adoption of performance measurement systems as an aspect of (NPM) reforms in order to understand the consequences that accompany the implementation of these systems in organisation as a result of the nature of public sector reforms (Hood, 1995; Scapens, 1994).

7.2.2 Organisational Field Level

Organisational field level, the second level identified by the Dillard *et al.* (2004) framework, is concerned with industrial and professional groups, such as motor manufacturers and police services. However, the research case study focuses on ADP police, as one of 34 other entities supervised by ADEC. Also, it is a public services provider. Therefore, the entities at OF level differ from each other in the kinds of professional services and features they provide. This will lead to investigating new types of groups that provide different services under a unified supervisory council, which is ADEC, to achieve the Abu Dhabi Emirate's vision.

The next section explains this field in depth and clarifies the nature of partnership culture as a main factor explored in the research.

7.2.2.1 Partnership culture

The interview and document findings that considered the organisational field level in the Abu Dhabi change programme stated that management accounting change had been influenced mainly by the partnership culture which had been supported clearly by ADEC through policies and supervising co-ordination between all entities at this level. The OF level contains all 34 entities supervised by ADEC and they have already set their own strategic plan for 2008 – 2012. Also, their performance and KPIs are supervised systematically by ADEC. The interview findings raised interesting points regarding the partnership culture that organizes the shared performance between

all 34 entities in Abu Dhabi and is supervised by ADEC. Also, the interview findings explain that the launch of all the strategic plans ceremony was simple, clear and assisted the culture of partnership. Moreover, every entity was to be involved and have its role, by allocating the required resources, on the journey towards Abu Dhabi's vision. These results are consistent with some previous literature (Dillard *et al.*, 2004; Hopper and Major, 2007) which mentions that the OF level supports the organisational level and sets the main resource allocation for the organisation.

However, the interview findings revealed a contradiction in terms of types of organisations located at OF level. Even though all the entities were categorized under public sector groups, the nature of those entities differed from each other in the kind of professional services provided and features. These findings explain an interesting result that the variations of the core business of the entities in the public sector in the Middle East have a successful influence on the accounting change introduction and implementation if it has been managed clearly and controlled effectively by ADEC. Moreover, the effective role of ADEC in managing and supporting the partnership culture was mentioned in the interview findings when it was stated that the level of co-ordination before the strategic plan that started in 2007 was low and mainly between a small number of authorities such as Finance and the Civil Service. Then, ADEC took a lead in increasing the level of working as a partnership toward achieving Abu Dhabi Emirate's vision. This support from ADEC increased the level of understanding the entities needed from each other and enhanced the partnership culture to achieve common or shared goals and shared initiatives by allocating the resources based on specialization. This was contradictory to previous literatures views about the OF level, suggesting that it focuses on the same industrial area such as motor manufactures or the same public sector specialization such as police services (Dillard *et al.*, 2004; Hopper and Major, 2007).

Also, the interview findings support this by explaining the level of co-ordination between entities, the common KPIs that were requested from all entities, such as training and Emiratisation indicators, the shared goal that required a main owner for the goal and supporter that contained some entities, and the shared workshops that were organised by ADEC.

7.2.3 Organisational level

This level concentrates on the organisation, the ADP. The critical factors explored in the interview and document analysis are discussed and argued in the context of the Literature Review in order to increase understanding of the impact of those factors on the implementation of accounting change in the organisation

7.2.3.1 Power

The interview findings are consistent with the review of the literature on the role of power within an organisation, suggesting that there are many types of power that a manager can employ when implementing change and accounting change in an organisation. Also, the literature confirms that managers should have power in order to influence their employees toward facilitating a change programme (DiMaggio and Powell, 1983, cited by Dillard *et al.*, 2004, p.510; Burns and Scapens, 2000; Graetz *et al.*, 2002).

Moreover, the interviewees within the organisational level agreed that the leaders' power had a massive impact on the change process that ADP witnessed in 2003 and 2007. This finding is consistent with Graetz *et al.* (2002) who explained power by categorizing it in two types: formal power and personal power. Formal power contains four styles: coercive, reward, legitimate and information power. However, personal power contains three types: expert, referent and charismatic power. Also, the interview findings agreed that the effective use of formal power especially that related to reward and legitimate power

has a positive impact on facilitating accounting change. For example, the location of the General Directorate of Strategic Department in organisational structure and its direct top level channels for both top leaders and ADEC had an impact on introducing the EFQM and KPIs that were required by ADEC. Also, the position of down level channels, represented by strategic sections in all general directorates, has a role in implementing and developing the accounting systems. Moreover, the document findings support the above interview findings regarding legitimate power which explains a clear link between power and structure in facilitating the change programme.

Also, the interviewees at the same level agreed that the charismatic power, as one type of personal power, of the top leader of ADP had a great impact on the successful change programme that ADP witnessed, especially regarding involvement and supporting the organisation to go forward. The result was that ADP won several EFQM awards and they became an example of best practice in Abu Dhabi Emirate. Section 7.2.3.3 explains in more detail the role of leadership as a critical factor in the organisational level.

However, there were 40% of interviewees who disagreed about the coercive implementation which, according to them, caused some confusion especially regarding the required change and affect of the 2003 strategic plan in ADP and the coercive implementation of EFQM in 2007.

7.2.3.2 Structure

According to the interview and document findings at OL level, there is general agreement about the importance of the role of organisational structure as a factor in the determination of the success of accounting change in ADP, the percentage of interviewees agreeing being about 80%. This result confirms the literature where (Ammons, 1996; Sotirakou and Zppou, 2006) stated that the improvement of

accounting change required many changes in organisations, including structural change.

Also, the interview findings support the above literature by mentioning that ADP's structure was a subject for change many times and mainly in 2003 and 2007. In 2003, the organizing for the strategic plan required some changes in ADP's structure in order to achieve its goals and improve the performance. Then, in 2007, ADP had received a requirement from ADEC to develop a new strategic plan focusing mainly on performance and implementing an accounting system in parallel with other entities within Abu Dhabi Emirate. The main change was the decreasing of the number of departments that linked to the top leader from 17 to 6 general directorates. Moreover, there were a number of examples of the impact of change on ADP, including the establishment of several sections in order to fulfill the ADEC requirement, such as the Benchmarks Department, Excellence Department, performance management section and strategic planning section in each of the general directorates in ADP. Finally, in order to have a systematic process for structural change, ADP established a Structure Department which had a process for analyzing the change requests in the structure that came from ADP's departments and to adapt these requirements with the ADP's strategy and improve the services.

Moreover, the document analysis took a similar position by explaining the change that affected ADP and explaining the reasons that behind this change. Also, it supported the literature in explaining that the structure could be subject for change and has an important role in facilitating or impeding the change implementation, including accounting change. Furthermore, it was mentioned in the document findings that there are many factors that impede the change process and strategic plan, including the hierarchical and bureaucratic structure.

7.2.3.3 Leadership

According to the literature, leaders and their style have a clear impact on implementing change in organisations. However, these impacts are of two types: impede or support and facilitate. For example, according to Martins and de Toledo (2000) leadership can be one of the reasons that cause failure of a (TQM) programme, especially in the case where a leader resists the change and rejects the concept of maintaining the implementation of this model. The interview findings support the previous studies and the findings explain several examples of different styles of leadership that were experienced in ADP regarding the introduction and implementation of accounting change that was required by the government and introduced within ADP. For example, the introduction of BSC faced some difficulties related to the misunderstanding of some managers which resulted in a delay in report submission from some departments.

Section 7.2.1.3 considered the ability of the leaders to apply the type of power necessary to implement the accounting change at EP level. The same concept was explored from the interview findings at organisational level. The interviewees agreed that leadership could use power to implement or inhibit the successful introduction of the accounting system that was required by ADEC within ADP. The use of formal power was explained by 70% of interviewees and they mentioned that leaders with coercive and reward, legitimate power were more likely to influence the change implementation. A percentage of 60% of the 70% agreed that formal power had a positive impact on the implementing the accounting change system. However, coercive and reward power had a clearer and greater impact in facilitating implementing accounting change.

The findings from document analysis confirm that the leader of ADP and the majority of general directorates were encouraging the employees to achieve high performance and the required KPIs. Also, the establishment of H.H. Minister of Interior Excellence Award was

another example of the exercise of reward power by the ADP top leader. Moreover, H.H. Sheik Saif Bin Zayed the Minister of Interior and the commander of ADP had supported the change programme since 2003, even before receiving a call from ADEC, and he increased the support by providing resources and advisors to increase the level of achievement in order to meet the government requirements and improve the services that were provided to the public. Also, the General Secretary, based on his position in the structure, had used legitimate power effectively which had a positive impact on implementing the KPIs and BSC through the strategic general directorate and cascading the information and changing awareness in ADP. Moreover, the interview findings support this type of use of legitimate power by evaluating the challenges that faced ADP from the internal and external environment that were based on their structural position and led them to think about the importance of change and the type of change that can improve the police service and maintain performance. These findings correlate with the previous literature that argued local actors play an important role, with the help of a change agent, in applying change on an organisation.

However, the remaining 10% from the above-mentioned of 70% disagreed that coercive power exercised by some managers had a positive impact. For example, the lack of some managers' communication skills had a negative impact on achieving some required KPIs that linked directly to and were supervised by ADEC. This finding also correlated to what was explored in the literature (Martins and de Toledo, 2000; Graetz *et al.*, 2002).

In addition to the formal power used by leaders, the remaining 30% of interview findings confirm that the personal power that some leaders were considered to have could influence the accounting change implementation, especially the charismatic leaders within ADP who have the ability to encourage and support the employees to achieve the organisation's goal. Also, this kind of encouragement was shown

through the increasing awareness of empowerment culture to deal with and achieve the targeted KPIs that had been cascaded from ADEC through the Strategic Department in ADP to specific general directorates. These findings revealed an agreement with some previous literature (Ezzamel *et al.*, 1997; Brignall and Modell, 2000; Collier, 2001; Martin, 2001) that considered management accounting change is subject to being affected by different factors including leadership style and, increasingly, managers understanding of the importance of improving their skills at leading the organisation. They accept the culture of empowerment of staff to respond to different organisational activities and give them the opportunity to practice taking responsibility.

However, there was a contradiction regarding the type of leaders in the Middle East. The interview findings confirm that the leaders in ADP behaved as transformational leaders rather than adopting an autocratic style, which is in contrast to the argument stated by Budhwar and Mellahi (2007) who said that the leaders in the Middle East mainly fall into the autocratic category.

7.2.3.4 Communication

Although the interview and documentary findings mentioned the positive impact of the leaders in ADP and that communication had been involved in the ADP strategic plan 2003- 2007, almost 60% disagree about the effective usage of communication tools to explain the vision, strategic goals and accounting systems that had been implemented in ADP. Also, these findings agree that the structure facilitates the communication process; however, the communicating of the new accounting change process does not go down enough to the lowest level and it has not been evaluated in terms of effectiveness. Also, these findings raise two main issues: firstly, communication is an important factor that should be given more attention, especially in the ADP; secondly, the findings revealed an agreement between the factors of communication, leadership and

resistance at organisational level. This relationship has been mentioned by previous studies (Martins and de Toledo, 2000) that consider that there are a number of reasons leading to the failure of implementing a (TQM) programme. Leadership can be one of reasons that causes failure of a (TQM) programme, especially where a leader resists the change and rejects the concept of maintaining the implementation of this model (Martins and de Toledo, 2000). Communication plays an important role in facilitating the implementation of (TQM), thus, the lack of communication channels can be a barrier to implementing the model in an organisation.

7.2.3.5 Accounting Systems

The interview findings placed emphasis on the importance of the accounting system that had been chosen to implement in ADP. Also, this finding raises an interesting issue regarding the needs from ADEC to consult and involve Abu Dhabi Emirate's entities in the selecting and introduction of a system process in order to share the view and evaluate the possibility of successful implementation. Also, this finding placed emphasis on the importance of focusing on one comprehensive accounting system or different systems in different time and space. As a result of this there were misunderstandings and confusion in ADP about prioritizing the response to the accounting systems which required different information in different time scales. Moreover, the interview findings at organisational field level and organizational level confirm that the accounting system was implemented coercively from ADEC within a short time.

This confirms the findings of a previous study that mentioned some governments adopting this concept and taking into account the importance of individuals and their role in the application of accounting systems, as well as their role in facilitating the application of the change process (Hopper and Major, 2007).

It was also found by (Cavalluzzo and Ittner, 2004) that top management commitment, training and decision-making authority have a positive impact on the performance measurement system. Also, information system problems and difficulties in selecting suitable performance systems have influence at (PMS) implementation.

The interview findings at organisational level agree with previous literature by emphasizing how top management commitment and training had played a significant role in the introduction of the accounting system in ADP in 2003 and that it facilitated the introduction and implementation of the strategic plan 2008 – 2012 and the accounting systems required by ADEC. Also, one interviewee from the EP level confirmed this result mentioned by interviewees from the organisational level.

Finally, the interview findings at organisational level placed an emphasis on the need for adapting internal accounting systems that assist and organize the information for decision-making and fulfill the government requirement. ADP employs several accounting systems that make the information available and organised in order to be reported to ADEC, such as Actuate software system and dashboard forms. Also, the interview findings revealed an agreement between the accounting systems and structure. For example, in order to fulfill the ADEC requirements regarding implementation of the accounting system, ADP developed its structure by establishing a performance management section, EFQM section and strategic section in all its department to implement the accounting systems, follow up the requirements and report to the strategic general directorate. These results are consistent with several recent studies (Ammons, 1996; McCourt, 2003; Sotirakou and Zppou, 2006) which stated that there are many public organisations that implement performance models and systems in order to enhance the performance in their

organisations and make the required changes in its strategy, structure and all aspect that relates to the concept of modernization.

7.2.3.6 Training

The interview and document findings at organisational level placed an emphasis on the importance of training as a factor that facilitates or impedes the accounting change in ADP. Also, these findings mentioned two types of training providers: ADEC and an interior ADP training programme. However, there is an interesting finding from the interview analysis that indicates there were only a small number of employees that attended the training programs relating to the change programme and accounting change systems. These results are consistent with some literature such as (Cavalluzzo and Ittner, 2004) which indicates that training is considered as an organisational factor that has an impact on the implementation of accounting change. Also, it has been found that training is one aspect of the precondition of change phase (Hopper and Major, 2007).

7.2.3.7 Internal policy

It has been found (Laughlin and Broadbent, 1993; Dillard *et al.*, 2004; Collier, 2006; Hopper and Major, 2007) that successful implementation of accounting change in the public sector required an effective policy that has influences on the organisation performance and this policy could be external from the government or internal from within the organisation. The interview findings and document findings at the organisational level placed an emphasis on the importance of policy to facilitate the introduction and implementation of accounting change in ADP, including policies linked to strategy and human resources. Also, ADP realized the importance of reviewing its policies in order to improve those policies to support the accounting change.

7.2.3.8 Resources

The interview and document findings at organisational level took a similar position to the interview findings at the economic and political level and were in agreement regarding the significant role of resources in implementing the accounting change within Abu Dhabi's entities. Also, the interviewees at this level explained the availability of resources that had been provided by Commander General of Abu Dhabi Police in the first change programme in 2003 and before the announcement from ADEC in 2007. This availability of resources had a positive impact on the success of the strategic plan in 2003 and resulted in a positive increase in the quality of police performance and facilitated the second change programme and increased the awareness of culture change to set up the second strategic plan 2008-2012 in ADP. Also, the findings of the documents analysis revealed that the introduction of the strategic plan and its KPIs had required support from the strategic department for all departments within ADP. Therefore, the leaders in ADP provided the required resources, including human and non-human, to be controlled by the Strategic Department. Moreover, document analysis shows that to implement the accounting system and achieve the KPIs effectively, comprehensive police stations had been supported by appropriate human resources and equipment. These findings are in line with studies such as Andon *et al.* (2007) who stated that resources have an impact on the precondition of change phase in an organisation.

Also, the interview findings at organisational level classified the resources in ADP into two categories: human and non-human. Moreover, this finding placed emphasis on the importance of giving attention to both human and non-human resources in implementing the change programme, including accounting change, and this was based on ADP's employees' experience which used to focus on increasing the number of operational staff and ignore the managerial aspect. Then, the introduction of strategic change lead them to

realize that they had to create a balance between all work functions and make a clear link between all aspects in the ADP. These results provide overall support for the findings of some previous literature such as Dillard *et al.* (2004) and Hopper and Major, (2007) who argued that resources include human and material resources.

7.2.3.9 Politics

The interview and document findings at organisational level placed an emphasis on the importance of understanding and managing the politics in order to facilitate the introduction and implementation of accounting change in ADP. Moreover, the interview findings revealed an agreement between the factors of politics and culture by mentioning that politics could have a negative impact on accounting change and that related to the organisational culture. Also, the interview findings raised an interesting result that classified the policy that influences the accounting change on ADP into two types: internal politics and external politics. Internal politics related to the organisational culture and the staff backgrounds; however, external politics related to the ADEC role in introducing the change program in ADP. Moreover, the interview findings argued that the internal politics linked to power. Also, they explained the type of networking that could have an impact on internal politics and may have both a positive and negative role. Furthermore, ADEC had a positive role in implementing the change programme and the majority of interviewees agreed about the negative impact of external politics for different reasons such as the time frame of the implementation of accounting change, nature of the entity, and too many new accounting systems at the same time.

These results are consistent with a recent study (Fowler, 1999) which argued that politics are considered an aspect that surround the organisations and have influences on change programs. Also, it has been argued that politics could play a negative role on the

implementation of accounting systems by delaying the process of this implementation (McCourt, 2003).

7.2.3.10 Culture

The interview and document findings at organisational level were similar to the interview findings at the economic and political level which is in agreement with the significant role of organisational culture in implementing the accounting change within ADP. Also, this result raised an interesting point regarding the culture and nature of performance in ADP which is considered different to any other of Abu Dhabi's entities, being a culture based on police ranking and the nature of policing which is close to military culture. Therefore, this supported the successful introduction and implementation of accounting change in ADP in both strategic plan cycles 2003 – 2007 and 2008 – 2012. Moreover, the interview findings at organisational level placed emphasis on the policing culture which insisted that ADEC should understand this culture and be flexible on some KPIs that were imposed without full consideration for the comments that had been sent from ADP. Also, this action had been witnessed by the external consultants that were brought in by ADEC to assist the implementation of change programme. This finding supports a previous study by Collier (2001) who stated that the nature and culture of policing and how they communicate between all organisational levels had a positive impact in the introducing and implementation of local financial management in his research's case study and it was successful as a result of the policing culture that was based on shared values.

The interview findings revealed an agreement between the successful introduction of accounting systems in an organisation and managing the resistance that occurs from some employees in the organisation. Moreover, it is necessary to investigate the reasons behind this resistance in the ADP which may relate to the level of understanding, leadership style, nature of training programs, fear of change, the type

of accounting system that is subject to change, and communication aspects. The nature of this relationship has been considered by previous studies (Scapens and Roberts, 1993; Dillard *et al.*, 2004; Andon *et al.*, 2007; Hopper and Major, 2007) which reveal that resistance influenced the adoption of accounting systems and that it was located at different levels, including the organisational level. Also, resistance is expected in any change, including accounting change, and it is crucial to understand and analyze the reasons behind this resistance that occurs in an organisation. Also, a clearer understanding of organisational, historical and contingent characteristics could facilitate the understanding of management accounting change implementation in organisations.

However, the review of literature in Chapter Two mentioned that the understanding of resistance in organisations has faced some difficulties which require further investigation from researchers.

7.2.4 The nature of the relationship between ADP and ADEC

Previous discussions noted that ADP had experience regarding culture change, including strategic plan change, accounting change and structure change in 2003. The second strategic phase that took place in 2007, as identified by interview and document findings, were a successful change programme that influenced all organisational aspects in ADP. These findings produced an interesting result which related to the influences from ADP on the accounting change systems implemented by ADEC. ADP influenced many KPIs and this had a positive impact at both organisational field and economic and political levels. Also, it affected the implementation process of BSC in the Abu Dhabi entities through workshops and meetings with the ADEC internal team. Moreover, these findings explained that ADP actions toward accounting systems introduction and implementation could be categorized in two categories: innovators and late adaptors. ADP

innovated and developed their information systems and accounting systems to suit its policing nature. Those internal systems were adapted to fulfill ADEC controlling requirements. Also, some of those internally innovated systems had been noticed as being best practice and that many entities had visited ADP in order to gain knowledge regarding those systems and had been diffused by ADEC throughout Abu Dhabi Emirate's entities and been institutionalized without noticeable resistance which related to the consultation with Abu Dhabi Emirate's entities in workshops that were organised by ADEC.

However, ADP as a late adaptor for successful practice within the organisational field was not mentioned in the interview and document findings, except for the adoption of the systems that were required from top level by ADEC. This confirms the findings of previous studies that indicate new practices that are developed by innovators may affect the practices and criteria at the organisational field level, which may in turn cause new evolutionary or revolutionary changes in the environment. Also, the implementation of the new practices by the late adopters may influence the organisational field level. As a result of this process, change at the organisational field level will affect the criteria at the economic and political level, including the values and norms at the top level (Dillard *et al.*, 2004; Hopper and Major, 2007).

7.3. Conclusion of the Chapter

This chapter has discussed the interview and document findings in terms of exploring the critical factors that facilitate or impede accounting change in a Middle East organisation, Abu Dhabi Police. The findings within the Middle East region, in general, were in agreement with the findings stated in Western literature. This agreement was related to the critical factors that facilitate the successful implementation of management accounting change in the public sector. The research has explored, examined and organised these factors within institutional levels in order to understand each

factor's role and impact. The critical factors that were explored and confirmed in this research in the economic and political level were: power, structure, leadership, culture, change agency, resources and accounting systems. Also, the confirmed critical factor at the organisational field level was partnership culture. Moreover, power, structure, leadership, communication, accounting systems, training, internal policy, resources, politics and culture were the factors that were identified as having an impact on management accounting change in the organisational level.

In addition, it is important to mention that there were areas of agreement between the theory and empirical findings. On the other hand, areas of contradiction were found between the theory and empirical findings. Also, there were several interesting issues that were identified in the discussion of both the interview and document findings. Table 7.1 summarizes the three categories that were explored in the discussion at the economic and political level. These factors have different impacts on government in the Middle East and it is important to understand the factors at the government level in order to increase the opportunity of successful implementation of accounting change in the public sector.

Table 7.1 – Summary of the economic and political level

Institutional level	Factor	Agreement	Contradiction	Interesting issues
Economic and Political	Power	General agreement between the findings and the previous literature.	Coercive implementation includes a participative role.	There is a strong link between the personal power of the leader and formal power.
	Structure	General agreement.	Formal structure could facilitate accounting change.	No issues.
	Leadership	General agreement.	The leaders were transformational rather than bureaucratic.	No issues.
	Culture	General agreement.	No clear contradiction.	There are two types of culture, called 'red color' and 'performance contract', both of which influence accounting change.
	Change Agency	General agreement.	The consultation and supervision process is not limited to the external consultations agency.	There are two types of change agency: internal change agency and external change agency.
	Resources	General agreement.	No clear contradiction.	No issues
	Accounting Systems	General agreement.	No clear contradiction.	The nature and structure of an accounting system itself could be a reason for preferring one accounting system to another.

Table 7.2 provides a summary of the organisational field level by presenting the agreements, contradictions and related issues of

interest. The main theme in this level focuses on the partnership culture which is considered to be an interesting issue, especially in Middle East culture.

Table 7.2 - Summary of the Organisational Field level

Institutional level	Factor	Agreement	Contradiction	Interesting issues
Organisational Field	Partnership culture	No clear agreement.	The types of organisations located at the OF level could be different from each other in terms of features and the kind of professional services they provide.	<ul style="list-style-type: none"> - The partnership culture could organize the shared performance between different organisations. - The effective role of controlling by the government on its entities could facilitate the successful implementation of accounting change, even if those entities have different core businesses.

In addition, Table (7.3) presents a summary of the organisational level by explaining the agreement, contradiction and related issues of interest. There were ten critical factors explored within this level which had impact on accounting change in an organisation.

Table 7.3 - Summary of the Organisational level

Institutional level	Factor	Agreement	Contradiction	Interesting issues
Organisational	Power	General agreement.	No clear contradiction.	Relationship between politics and culture.
	Structure	General agreement.	No clear contradiction.	No issues.
	Leadership	General agreement.	The leaders in the Middle East could behave as transformational leaders.	No issues.
	Communication	General agreement.	No clear contradiction.	No issues.
	Accounting Systems	General agreement.	No clear contradiction.	There is a need for the government to consult and involve the entities in the selection and introduction of system processes in order to share views and evaluate the possibility of successful implementation. -Some organisations in the Middle East implement additional internal accounting systems that assist the implementation of government accounting changes.
	Training	General agreement.	No clear contradiction.	No issues.
	internal policy	General agreement.	No clear contradiction.	No issues.
	Resources	General agreement.	No clear contradiction.	No issues.
	Politics	General agreement.	No clear contradiction.	The policy that influences the accounting change on an organisation comprises two types: internal politics and external politics.
	Culture	General agreement.	No clear contradiction.	- There is a relationship between the successful introduction of accounting systems and managing the resistance that occurs from employees. - The culture and nature of performance in ADP is considered different to other Abu Dhabi entities,

				a factor which is based on police ranking and the nature of the police which is close to military culture.
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The next chapter is the final chapter and provides summaries of the research and a final conclusion.

Chapter 8: Conclusion

8.1 Introduction

This research has discussed the main critical factors that influence the successful introduction and implementation of management accounting change in public sector organisations. The investigation focused on three main institutional levels: the economic and political level, organisational field level and organisational level. Each level contained several factors which had different impacts on accounting change. The economic and political level contained power, structure, leadership, culture, change agency, resources and accounting systems. Also, the critical factor explored at the organisational field level was partnership culture. Moreover, at the organisational level there were ten critical factors which were investigated in the present study: power, structure, leadership, communication, accounting systems, training, internal policy, resources, politics and culture.

In addition, the study explained the relationship between some of these factors and the nature of this relationship. The context of the research was a public sector organisation within the Middle East region and it was based in the UAE. Moreover, the relevant literature was discussed and investigated in order to explore the factors that have an impact on successful accounting change implementation in organisations. The case study was selected as a methodology for this research and the methods that were adopted to collect the data were interview and document analysis.

This chapter aims to summarize the discussion and provide a conclusion for the research. It begins with a summary of key findings is stated with a description of critical factors that were explored at the institutional levels of economic and political level, organisational field level and organisational level. This section explains the role of these factors in the successful implementation of accounting change in the

Middle East and particularly in UAE's organisations. Then, the nature of the relationship between ADP and ADEC is explained. Next, contributions to knowledge and the limitations of the study are provided. Finally, further research is proposed.

8.2 Summary of Key Findings

The key finding of this research was that the accounting change that has been implemented in Abu Dhabi Police could be described as institutionalization change. The NIS theory provided a clear explanation of the accounting change implementation starting from the central government through the entities level and the organisational level. Also, the findings confirmed that the three dimensions within each institutional level can be affected and changed by the action taken by human agents (Dillard *et al.*, 2004; Hopper and Major, 2007). Moreover, public sector organisations could be subject to institutional and economic pressures which have been found in the research case study in the cascading process of the strategic change by ADEC. This finding confirms that those pressures influence both private and public sector organisations (Hopper and Major, 2007).

Also, the organisations in the Middle East could implement accounting change successfully if there is clear and sufficient attention given to a number of factors that have an impact on this process. These factors were explored and presented in this research. Moreover, the factors were addressed clearly based on the institutional levels. Furthermore, there were relationships between some factors that had impact on accounting change and exploring the nature of these relationships further enhanced understanding. Moreover, the findings support the notion that NIS should give intensive consideration to organisational practice which will improve the understanding of the role of implementing accounting systems and functions on organisations (Hopper and Major, 2007). This research implements the Dillard *et al.*

(2004) framework in order to describe the introduction of management accounting change and it has been revised by explaining the critical factors within each institutional level, as displayed in figure 7.1.

8.2.1 Economic and Political level

The investigation of the EP level revealed that there were number of critical factors located in this level. These factors have a significant impact on the central government which is led by the Abu Dhabi Executive Council and lead to facilitating the introduction and implementation of management accounting change on its entities. The critical factors that were identified and explored in this research in the economic and political level were: power, structure, leadership, culture, change agency, resources and accounting systems.

8.2.1.1 Power

The role of power at the top level, which is the government, had a great influence in assisting ADEC to introduce the strategic change and accounting change on its entities. Also, it was stated clearly in the literature that power that has been used by an international regulator influences the application of accounting systems on organisations. Moreover, ADEC has a clear role in using power on its entities in cascading the accounting systems such as EFQM, KPIs and BSC. Furthermore, the types of formal power that ADEC adopted were coercive and legitimate; however, this coercive power was accompanied by a participative role which contained support provided by ADEC.

The research concluded that power in a government body or central government could assist the introduction of an accounting system in public organisations, even if it is coercive with a participative role. In addition, the role of power is evident from its influence on public entities during two strategic plans in the last decade. Moreover, the

impact of some forms of power, i.e. leadership power, personal power and legitimate power, can contribute significantly to the success of accounting change (Graetz *et al.*, 2002).

8.2.1.2 Structure

The second factor which has an important role in facilitating accounting change on ADEC's entities was structure. The executive council that was established and linked to the formal structure of ADEC played a crucial role in enhancing communication between the entities, improving the quality of decisions, reviewing the entities' structure, expressing the agenda and policies, and facilitating the accounting change by sharing experience.

The research concluded that the EP level's structure should include the leaders of entities to increase the opportunity of achieving successful accounting change. Also, the public sector organisations in the Abu Dhabi, including ADP, can avail this opportunity in two ways: (1) by introducing innovative policies containing new methods of achieving goals that can add value to their organisation's strength; and (2) by fulfilling the strategic planning requirements.

8.2.1.3 Leadership

Leadership was investigated in depth and it was identified that it has a significant and effective impact on accounting change. The leadership of ADEC has played a positive role in initiating and supporting the change process from the beginning to the end. In fact, even after the successful accomplishment of the change process, ADEC leadership is still helping public entities to keep their systems up-to-date. This shows a relationship between leadership and power at EP level, which is at the ADEC level that could have a positive impact on the accounting change implementation.

The research concluded that the leadership in ADEC is transformational rather than bureaucratic, which is different from the

leadership style prevailing in the Middle East. Also, there is an effective combination of formal and personal power of the leaders which enhances the quality of the accounting change process.

8.2.1.4 Culture

The research concluded that culture has a significant impact on accounting change and acceptance and resistance are the core issues associated with culture, in the context of accounting change. This finding was shown clearly through the role of ADEC in managing the change programme by understanding the entities' culture and being aware of innovative concepts and systems that were being introduced and were new for a number of entities. Moreover, it was concluded that resistance to accounting change is likely to occur due to a particular organisational culture in the public sector of the UAE. The most probable reasons for resistance included fear of change, pressure of change in terms of performance measurement and learning new concepts rapidly. The findings of the study revealed that the best practice for public organisations is to introduce and implement BSC to adopt a particular strategic plan because this had a positive effect on reducing the resistance to change and provided the solutions to the barriers to change. Also, ADEC were aware of the importance of involving the leaders and managers in strategic change by increasing awareness and providing shared workshops that enriched the experiences and supported the acceptance of accounting change systems. Moreover, ADEC introduced a performance contract culture that brought serious attention to the importance of performance and the accountability culture.

8.2.1.5 Change Agency

Change agency, according to the research, played an important role in facilitating and cascading the accounting change and accounting system to the entities. The research found that the role of change agency is not limited to the external consultants only, but also

included the internal team that was responsible for the change programme. The internal team from ADEC had the same role as the consultants. Also, they were responsible for the preparation, introduction, implementation and evaluation of the strategic change and accounting change in all Abu Dhabi Emirate's entities.

Moreover, the external change agencies had a clear role in the ADEC strategic change and accounting change. However, there were some aspects that the external consultants should give clear attention to: the culture of the organisations and a comprehensive historical and holistic understanding of the organisations that are subject to the change process (Scapens and Roberts, 1993; Burns and Vaivio, 2001; Andon *et al.*, 2007). The interview findings from ADP strongly support the previous statement that the consultants have to be aware of the entities' culture, functions and the nature of performance, such as police services, in order to increase the opportunities of successful strategic change and accounting change.

8.2.1.6 Resources

The research concluded that the resources allocation from the central government has role in successful accounting change. Accounting change is not possible without the provision of adequate resources that an organisation requires to initiate and facilitate the change process. The resources were of two kinds: human and non-human, where non-human resources represent financial resources, building resources, and transportation resources. It was found that ADEC had already allocated the resources for its entities through the Authority of Finance. Also, the entities were given the authority to recruit the employees that were required to attain high quality performance and realize the strategic plan. Therefore, ADEC focused on intangible support more than tangible, by providing workshops, shared meetings and consultancy publications. Also, the leaders in each entity had to use the allocated resources effectively in order to improve the entity's performance.

8.2.1.7 Accounting System

In terms of accounting systems, the research concluded that the type or kind of selected accounting system and its suitability was an important factor. This factor relates to three aspects: the accounting system type, number of accounting systems adopted and the involvement of the entities in accounting system selection. The first aspect is related to the accounting system that ADEC selected to be implemented on its entities. The selection reasons were based on the regulations and consultants (Hopper and Major, 2007), imposed by government (Lin and Yu, 2002), customized according to government need (Lin and Yu, 2002), and management and top leaders commitment (Cavalluzzo and Ittner, 2004). Also, the research showed that ADEC, in its role of selecting an accounting system, was legitimacy-seeking and efficiency-seeking, which supports the rational action of ADEC (Modell, 2001).

The second aspect identified by this research is related to the implementation of more than one accounting system within same time and space. ADEC implemented three accounting systems within organisations, KPIs, EFQM and BSC, all of which had to be applied at the same time. In this regard, the structure or the strategic plan of the applied system is very important which in the case of BSC can be explained in one page in the form of a 'strategic map'. Similarly, systematically structuring all KPIs will inform the organisation whether the change was successful or not. The reasons behind selecting those accounting systems within same time frame were clear at the ADEC level. However, there was some confusion at the entities level and ADP level regarding the priority of each system and some entities, to some extent, misunderstood how to fulfill the systems' requirements. ADEC recognized these issues and increased the level of awareness of the nature of each system and the systems' requirements, including reporting.

The third aspect related to the selection process of the accounting system. It was mentioned earlier with regard to the first aspect of system selection which was related to imposition by government and top leaders. However, the research findings revealed that it is important to involve the entities in the selection process, which usually comes before the change program is cascaded. The reasons behind this relate to reducing resistance, detailed understanding of entities' functions and evaluating the possibilities of alignment with current accounting systems.

8.2.2 Organisational Field Level

The research concluded that there was one critical factor located in the OF level. This factor has an important impact on the entities' level that facilitates the introduction and implementation of management accounting change and improves shared values in applying accounting systems. The critical factor that was identified in the organisational field level was partnership culture.

8.2.2.1 Partnership Culture

Partnership culture has affected the strategic change and accounting change in ADEC. ADEC had the main role of supporting and introducing this culture by organizing shared meetings, setting shared or common goals and improving the level of co-operation between the entities. This support of partnership culture had a positive impact on facilitating the accounting change in the entities; for example, in developing experience by sharing best practices, and sharing resources towards the shared goals which had an impact by reducing ineffective and insufficient resource usage. Moreover, the partnership culture has reduced the influences of the differentiations between the entities' functions.

Moreover, it was also concluded that partnerships among different entities, agencies, departments, official bodies and private sectors

were important in order to initiate and promote accounting change in terms of providing stable and accountable services to the community. In order to promote the effectiveness of partnership culture, ADEC conducted a large number of workshops during the change process. Therefore, clear attention to supporting and controlling the partnership culture between different entities enhances the opportunities for achieving the national strategic change and accounting change in Middle East organisations.

8.2.3 Organisational Level

The research concluded that in the organisational level there were ten critical factors. These factors have significant influences on the organisation's level which is ADP. Also, these factors facilitate the process of management accounting change introduction and implementation in the organisation. The critical factors that were explored in the organisational level were: power, structure, leadership, communication, accounting systems, training, internal policy, resources, politics and culture.

8.2.3.1 Power

Power at ADP, in the organisational level, has an important role in accounting change. The leaders' power had a clear impact on facilitating the accounting change in ADP and it was confirmed in both strategic plans of 2003-2007 and 2008-20012. Also, it was confirmed that the effective use of formal power, especially which related to reward and legitimate power, has a positive impact on facilitating accounting change. With regard to legitimate power, it was identified that there was a great link between power and structure in ADP and this had an impact on accounting change. In contrast, the change process may amplify the threat of power at organisational level when some departments, sectors, or groups become more powerful.

Moreover, in terms of personal power, the charismatic power of the top leader of ADP had a great impact on accounting change in ADP.

8.2.3.2 Structure

Structure is important in terms of making strategic decisions. In addition, in the public sector, organisational structure enables internal and external communication, evaluating employee performance, achieving short-term goals and long-term government objectives, and prevention solution of problems. The research concluded that structure played an important role in the introduction of accounting systems that were imposed by ADEC to be implemented in ADP. ADP made the required change in its structure in order to achieve the required performance and to ensure there was structure flexibility. Therefore, organisations in the Middle East should increase the flexibility of procedures with regard to structure change in order to increase the chance of successful accounting change implementation.

8.2.3.3 Leadership

Even though section 8.2.3.1 identified that power, especially with regard to leadership, has an impact on accounting change, it is important to provide a clear conclusion about the role of leadership in accounting change. It was identified from the interviews that ADP leadership was enthusiastic with regard to initiating change in the management and accounting contexts, but they were lacking in a clear direction and guideline. However, after the initiation of the change process, the leadership in ADP played a significant role in the introduction and implementation of accounting change. Therefore, it was concluded after the support of ADEC and ADP leadership that it is important to focus on the involvement and development of leaders' knowledge, especially regarding accounting change, in order to support the implementation process and ensure that the purpose of the adopted accounting systems has been achieved. The enhancement of knowledge of ADP leaders resulted in continuous

attempts at implementing further changes in the accounting context which were required to improve the quality of the services. These changes were made without the continuous support of ADEC. One such example was the steering committee of ADP which is mainly accountable for scrutinizing the benchmark of day to day activities of Abu Dhabi Police force. In addition, the ADP leadership at organisational level used TQM to bring improvement in its services by auditing the performance based on implementing the change process.

Also, the leaders' skills have an impact on accounting change, especially with regard to communication skills. Moreover, the commitment of the top leader of ADP has a great and positive role in the successful of implementation of strategic change and accounting change. Therefore, leaders in Middle East organisations support the accounting change, especially if the top leader has the commitment to lead the organisation into the change programme. Also, there are some leadership skills that should be given clear attention when implementing the accounting change, especially knowledge regarding the accounting systems and communication skills.

8.2.3.4 Communication

The research concluded that communication has an important role in the accounting change in Middle East organisations. The research found that there was a shortfall in the use of communications tools to communicate the strategic change and accounting change in ADP. This was particularly noticeable in the bottom level of ADP. Even though there were regular meetings, workshops and posters, the bottom level was still, to some extent, confused about the accounting systems, applying methods and their functions. Thus, organisations in the Middle East need to focus on the involvement of their employees, especially those who are at the operational level and who provide services and products, by improving communication skills, evaluating communication tools and regular assessment of awareness.

8.2.3.5 Accounting Systems

The nature or kind of selected accounting systems and involvement in the selection process has been discussed at EP level and from the ADEC view in section 8.2.1.7; however, at the organisation level the findings confirmed that it is crucial to select the accounting systems based on the entities' function and customize those systems to increase the opportunities of successful implementation and reduce resistance. Also, the research concluded that organisations in the Middle East should be involved in the selection process in order to make sure of its applicability and the readiness of the organisations. Moreover, it ensures that the current internal accounting systems that have been applied in some organisations were adapted to the governmental imposed accounting systems.

8.2.3.6 Training

Training was another factor explored by the research. The ignorance of training in organisations, especially concerning the accounting systems, could lead to a failure of the accounting change implementation. The interview findings revealed that a number of workshops and training sessions in a series were conducted to inform ADP and other public organisations about the benefits of accounting change. These training sessions helped ADP to great extent in implementing changes. However, it is still essential for organisations in the Middle East to increase the number and quality of training programs and encourage the employees to attend those programs in order to ensure that employees support the accounting change and increase their knowledge and skills regarding the implementation of those systems in the organisation.

8.2.3.7 Internal Policy

The research concluded that internal policy can support or impede the accounting change in organisations. ADP realized that it was important to review the internal policies and made the required

changes in order to enhance the supporting roles of those internal policies. However, some issues concerned with human resources arose due to rapid internal policy changes, but reforming several rules, laws, and regulations at government level helped public entities, especially ADP, to reduce the importance of those issues. This shows that internal policy changes can impede the success of accounting change but the prompt action of government can resolve many issues. Thus, the Middle East's organisations have to consider their internal policies and adapt those policies to support the accounting change and to impede the conflict that may occur in adopting those systems.

8.2.3.8 Resources

The organizations' resources also have an impact on successful accounting change implementation. Resources include both human and non-human resources. Human resources are important to manage as a first priority because they can help organisations to manage non-human resources such as financial, transportation, and building resources. This was the reason that ADP gave priority to human resources, including managerial and operational staff. Also, it is important to allocate the resources, especially the human resources, so that they are balanced between managerial and operational functions in order to enhance the successful introduction and implementation of accounting change in the organisation. Also, the organisations in the Middle East should focus on the effective usage of their resources in a way that improves performance and applies the accounting systems effectively.

8.2.3.9 Politics

The research concluded that politics has a significant role in the accounting system of ADP. The more clear awareness and attention controls those politics, the more chance of successful implementation of the accounting system in the organisation. Also, it is important to

understand the relationship between the politics and an organisation's culture, especially regarding the role of external consultants in cascading the accounting change. Moreover, there is a relationship between politics and power which may lead to difficulties in the change process, especially if the power has been used to delay the accounting change.

Furthermore, the research findings related to the politics classified the politics into two types: internal and external. The internal politics related to an organisation's culture and the staff backgrounds; however, external politics related to the ADEC role in the introduction of the change program in ADP. In addition, networking could have an impact on internal politics and may have both positive and negative effects. It was concluded that internal politics have great power in initiating and supporting the change process as numerous factors are associated with it where the employees' background and organisational culture are eminent. It was also found that ADP and a few other public entities have special teams to reduce the impact of internal politics at the organisational level in order to avoid its negative impacts. Therefore, it can be said that internal politics from organisational employees, leaders, and other staff may create many problems in adopting change.

Similarly, the role of external politics is also significant in facilitating change. It was found during interview analysis that the ADEC role as an external political force was controversial. Few ADP members believed that ADEC had played a negative political role and imposed several KPIs without taking organisational members in confidence. The opinion of several others was different and they considered the role of ADEC more positive rather than negative. Therefore, organisations in the Middle East should be thoroughly aware of both internal and external politics in order to support the positive politics

and reduce the negative politics to enhance the successful implementation of accounting change.

8.2.3.10 Culture

Culture is the final critical factor that has a significant role in the effective implementation of accounting change. The research concluded that ADP already had experience in performance management and accounting systems before the national call for change from ADEC. This previous experience and accounting culture played a positive and supportive role in facilitating the accounting change and new accounting system implementation. Also, the special culture of the ADP, which is close to the military culture, supported the accounting change. In addition, this cultural background of ADP and its sub-departments helped the organisation to counteract the resistance that occurred mainly due to several reasons such as traditional accounting practices, internal and external politics, lack of system and structural changes, fear of change, and lack of clarity and understanding of the new system. Therefore, Middle East's organisations should understand their culture and enhance the acceptance culture within the organisation for the organisational change, especially with regard to accounting change.

8.2.4 The Nature of the Relationship between ADP and ADEC

The research concluded that ADP was considered as a very professional organisation in Abu Dhabi Emirate and had won several awards in high performance achievement and excellence for its services. ADP, as an entity supervised by ADEC, adopted the required strategic change and accounting change that was requested by ADEC. However, ADP has innovated its own internal accounting system and KPIs which were supportive of the ADEC requirement. Also, those internal accounting systems filled the gap between the ADEC systems and the nature of policing activities and services. This

has influenced the support given to continuous improvement of ADP performance and services.

Also, ADP has regular contact and meetings with ADEC in order to share views and to improve the systems that are cascaded from ADEC. This has influenced both the economic and political level and organisational field level by modifying some KPIs and accounting systems in order to fulfill the targeted outcomes.

8.3 Implication for Practice

This section focuses on providing some implications that would improve the introduction and implementation of management accounting change in the public sector in the Middle East and UAE in particular.

Firstly, in the governmental change, the three institutional levels with the afore-mentioned critical factors should be given detailed consideration in order to ensure that the logistics and cascading processes are effective and supportive in implementing the accounting change successfully.

Secondly, communication tools should be used effectively and it is important to evaluate those tools in order to ensure that employees in the bottom level are fully aware of the accounting change process. In addition, it could be better practice for the public entities to develop a system of internal and external communication with the intention of sharing information and knowledge. This would consequently help them to improve their services and reform internal processes in order to quickly respond to the requirements of the community.

Thirdly, the leadership in the organisational level should be developed and involved in the accounting change process in order to reduce resistance and this should include all leaders within the organisation. Furthermore, the leaders should enhance and update their knowledge

and information in an accounting context to make further reforms in the future for the improvement of services and fundamental operations.

Fourthly, external consultants should be aware of and understand in depth the organisation's history, culture and politics. Also, they should have the ability to adapt the governmental requirements according to the entity's functions.

Fifthly, the internal and external politics should not be ignored, an implication based on the impact of politics on supporting or impeding successful accounting change. In this regard, the role of leadership and communication is very important to hinder the negative impacts of internal and external politics. It should be the responsibility of the leaders to resist internal politics by motivating employees to adopt changes without hesitation.

Sixthly, partnership culture could be an effective factor in supporting the accounting change implementation by improving the relationship between the entities towards the government's vision. Regular workshops and seminars on the effectiveness of partnership culture could promote its importance in achieving organisational and governmental short-term goals and long-term objectives.

Finally, the adoption of accounting systems requires a consultation with the entities and it is recommended that this takes place before commencing the implementation of those systems in order to evaluate the readiness to apply the required development which could facilitate their successful implementation.

8.4 Contributions to Knowledge

This research aims to bridge a number of gaps in knowledge. Consequently, there are several areas in which it makes important addition to the body of knowledge.

It has been argued that there is a need for further investigation into critical factors which influence accounting change (Chrusciel and Field, 2006). Also, there is a lack of research that focuses on exploring those factors in the public sector, especially in the Middle East and developing countries (Jahamani, 2003; Hassan, 2005). The current study contributes significantly to previous studies by filling a gap through exploring and examining the critical factors that facilitate the successful implementation of accounting change. Also, it explains the role of each factor and the nature of the relationships between several factors. In addition, it is considered to be the first study in Middle East literature that has explored and examined a number of critical factors at different institutional levels. Furthermore, the research explains and examines the whole practice of successful management accounting change implementation in the public sector within the Middle East region.

Moreover, it has been argued that there was a lack of research investigating whether organisations implement MACH by reproducing changes made by other organisations, which is the focus of institutional theory (Waweru *et al.*, 2004). This research contributes to the literature that explains the comprehensive institutional levels in order to understand the relationship and effects that result from top to down and from bottom to up. The study also shows the process of the management accounting change introduction and implementation that is required from central government.

Furthermore, this research contributes to filling the gap in some literature regarding accounting change in public sectors in both Western and Eastern countries, including Middle East countries. It was argued that existing research focused on the private sector, including retail companies, so that it was not clear whether the findings would be applicable to public sector organisations (Waweru *et al.*, 2004). This research has focused on a public sector organisation and explained the implementation of some private sector accounting

systems in this organisation by exploring the effective factors that influenced the successful implementation of accounting systems.

In terms of the scope of this research, it has been argued that the identified factors are concerned with the prevalent legal and political conditions, which means that these factors may change if the scope of the research is extended to environments where the conditions differ (Waweru *et al.*, 2004). This research contributes to the literature by expanding the scope of research to include the entities level and the central government level in order to understand the impact of expanded scope on the various types of factors.

By implementing the New Institutional Theory, this research contributes to the literature by examining more than one institutional level, which is opposite to Old Institutional Economics which focuses on the organisation level only. This identified a number of critical factors located at different levels and that giving comprehensive attention to them all assists the successful implementation of accounting change in the public sector. Also, the study identifies that each factor, even if it is repeated at different institutional levels, has a different role and impact on accounting change (Powell, 1985; Dillard *et al.*, 2004; Hopper and Major, 2007).

Furthermore, this research contributes to the literature by examining in detail leadership style and the role it plays in Middle East organisations. It was found that the commitment of the top leader to supporting accounting change exists in this region. Also, the type of leaders in the case study proved that transformational leadership exists in Middle East organisations and had led to successful accounting change practice, a finding which contradicts what Budhwar and Mellahi (2007) argued regarding leaders in the Middle East being autocratic rather than transformational leaders.

Regarding the organisational field level, this research has contributed significantly to the literature by explaining the kind of entities that are

located in this level. It has been argued that this level is concerned with industrial and professional groups, such as motor manufacturers and police services (Dillard *et al.*, 2004). The present research findings confirm that the types of organisations that are located at OF level could be different from each other in their features and the kind of professional services they provide.

Moreover, this research makes an important contribution to the literature by explaining the concept of change agency which used to be limited to external consultants (Broadbent and Laughlin, 1998; Andon *et al.*, 2007; Hopper and Major, 2007). The findings expand this concept to include the internal team that acted and coordinated with the entities, on the one hand, and with the external consultants, on the other hand, with a view towards achieving the successful implementation of the accounting system.

8.5 Limitations of the Study

This research has focused on exploring and examining the critical factors at different institutional levels in order to enhance the successful introduction and implementation of accounting change in the public sector's organisations. Although this research has discussed these factors and their impact, there are a number of limitations that need to be mentioned.

Firstly, the research was based and focused on one public sector case study within the Middle East region. Therefore, the results could be difficult to apply generally, especially to Western organisations and private sectors. However, it has been argued that the case study methodology results could be generalized in order to set theoretical propositions (Yin 2003).

Secondly, this research has used two qualitative methods: interview and document analysis; however, a semi-structured method could be influenced by bias, whether from the interviewees' side or the

researcher's side. Consequently, the research has reduced this bias by a well prepared introduction and detailed analysis of the findings. Also, the document analysis could contain incorrect or inaccurate information (Yin, 2003); therefore, the researcher evaluated the documents and used official documents. Also, the use of quantitative methods may affect the results by supporting or impeding some of the critical factors that were identified in this research.

8.6 Further Research

This research has focused on implementation of management accounting change in ADP, a public sector organisation in the UAE. This scope of this focus leads to a number of suggestions for further research. Firstly, the research scope concentrated on one organisation, Abu Dhabi Police in the UAE; therefore, there is a need for investigation of the accounting change in different organisations in Middle East countries. Also, there is a need to explore the implementation of accounting change on organisations that have different functions to the police function. Moreover, there is an obvious need for studies that evaluate accounting change in organisations that have witnessed this type of change for the first time.

Secondly, there is a need to examine the findings' factors in the context of Western public sector organisations in order to evaluate those factors and examine their roles in accounting change, especially at different institutional levels.

Thirdly, the findings' critical factors need to be examined in the context of private sector organisations in both Western and Eastern countries, including Middle East countries.

Fourthly, this research has mentioned the role of politics as both a positive and negative influence on the implementation of accounting change, including networking; however, there is a need for in-depth

research to examine the role of politics and explore the possibilities for reducing the negative side of it.

Fifthly, there is a need for further research into the selected accounting systems and the possibility of implementing those systems in Middle East countries; consideration also needs to be given to whether there is a need for customization of these systems and, if so, the extent of this customization in order to make it effective.

Sixthly, the partnership culture between the entities requires further research and consideration needs to be given to whether it could be applied to the same professional groups. Also, there is need for further investigation into the impact of this culture on the private sector's organisations.

Finally, there is a need for research that focuses on leadership and leaders' style and skills in effectively supporting the accounting change implementation in organisations.

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Appendices

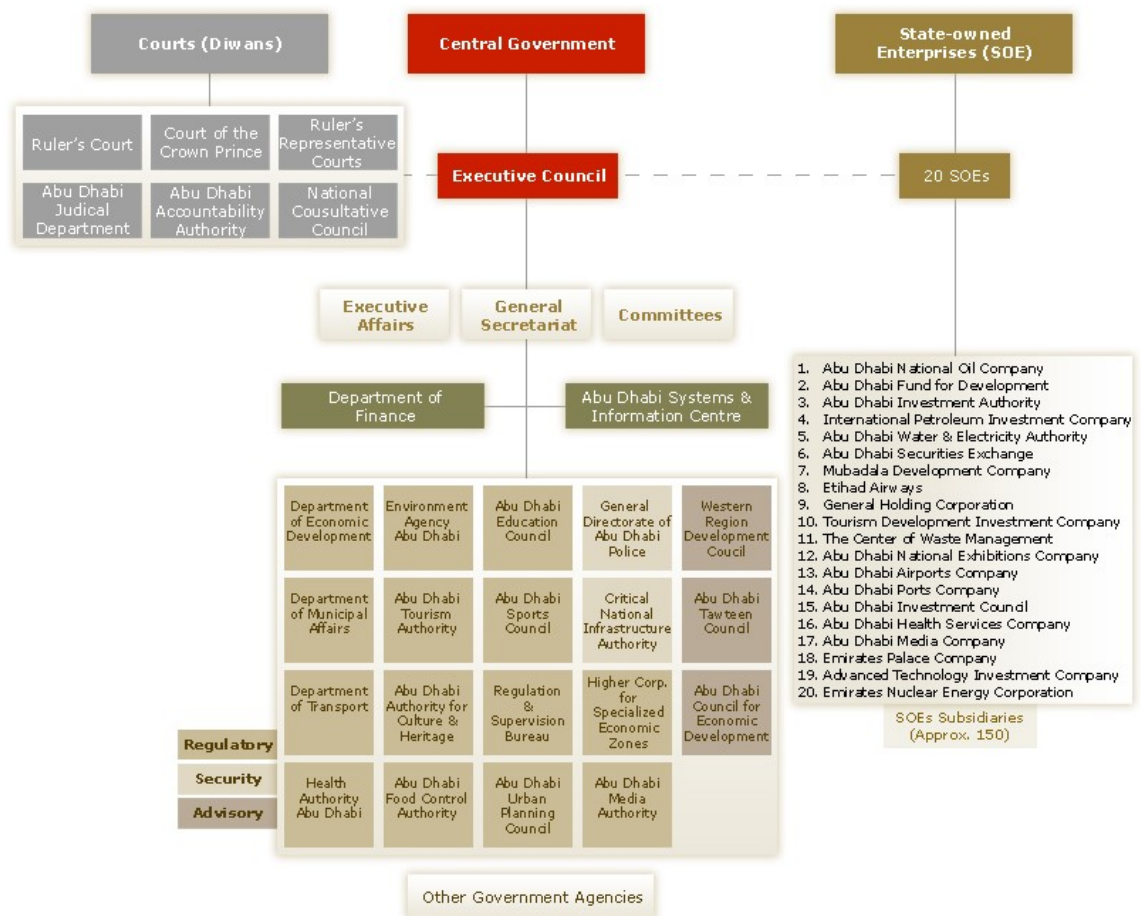
Appendix A

UAE							
Selection of economic indicators		2007	2008	2009	2010	2011	2012e 2013f
Key country risk indicators							
GDP (% real change pa)		3.2	3.3	-1.6	1.4	3.3	3.5 4.3
Consumer prices (average % change pa)		11.1	12.3	1.6	0.9	0.9	2.1 1.6
Current account balance (% of GDP)		7.6	7.1	2.9	3.8	7.4	5.9 4.2
Total foreign exchange reserves (mln USD)		77239	31695	36104	42785	53585	57085 61190
Economic policy							
Budget balance (% of GDP)		7.3	16.2	-13.1	-2.1	5.0	5.4 2.5
Public debt (% of GDP)		37	38	55	51	44	38 34
Money market interest rate (%)		4.8	2.4	0.8	2.2	1.7	1.8 1.8
M2 growth (% change pa)		42	19	10	6	5	11 12
Consumer prices (average % change pa)		11.1	12.3	1.6	0.9	0.9	2.1 1.6
Exchange rate LCU to USD (average)		3.7	3.7	3.7	3.7	3.7	3.7 3.7
National facts		Social and governance indicators				rank / total	
Type of government	Federation	Human Development Index (rank)				30 / 187	
Capital	Abu Dhabi	Ease of doing business (rank)				33 / 183	
Surface area (thousand sq km)	84	Economic freedom index (rank)				35 / 179	
Population (millions)	6.7	Corruption perceptions index (rank)				28 / 183	
Main languages	Arabic	Press freedom index (rank)				112 / 178	
	Persian	Gini index (income distribution)				n.a.	
Main religions	Muslim (96%)	Population below \$1.25 per day (PPP)				n.a.	
	Others (4%)						
		Foreign trade			2010		
Head of State (president)	K. bin Zayid al-Nuwayyan	Main export partners (%)		Main import partners (%)			
Head of Government (PM)	M. bin Rashid al-Maktum	Japan	16	China	19		
Monetary unit	Emirati dirhams (AED)	South Korea	15	India	14		
		Thailand	12	US	7		
		India	6	Germany	6		
Economy		2011					
Economic size		bn USD	% world total	Main export products (%)		2011	
Nominal GDP		358	0.52	Re-exports		42	
Nominal GDP at PPP		402	0.51	Crude petroleum		30	
Export value of goods and services		267	1.22	Gas		5	
IMF quotum (in mln SDR)		753	0.35				
Economic structure		2011	5-year av.	Main import products (%)		2011	
Real GDP growth		3.3	3.2	Machinery & electrical equipment		16	
Agriculture (% of GDP)		1	1	Precious stones & precious metals		16	
Industry (% of GDP)		54	56	Vehicles & other transport equipment		8	
Services (% of GDP)		45	43	Base metals & related products		6	
Standards of living		USD	% world av.	Openness of the economy		2011	
Nominal GDP per head		50477	469	Export value of G&S (% of GDP)		75	
Nominal GDP per head at PPP		56683	459	Import value of G&S (% of GDP)		64	
Real GDP per head		30777	379	Inward FDI (% of GDP)		1.8	

Source: Matabadal (2012)

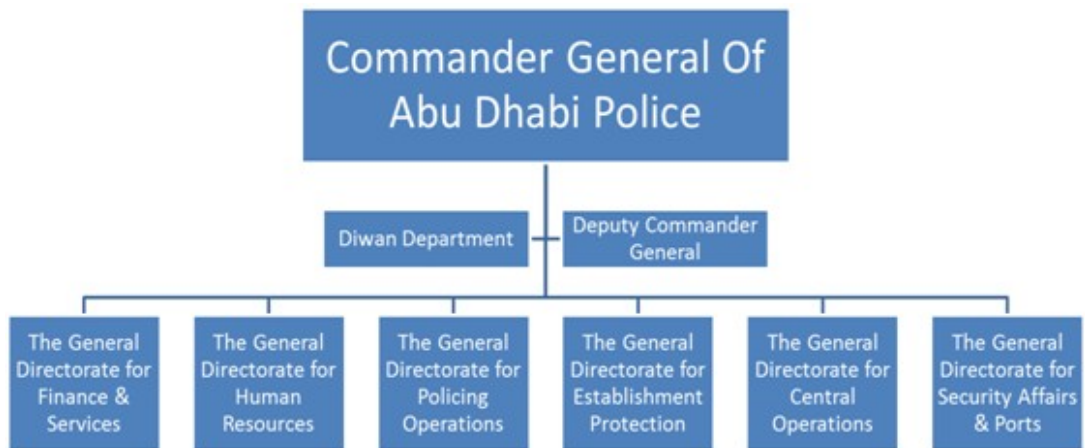
Appendix B

Figure B1 - ADEC structure and the position of ADP



Source: Abu Dhabi Government Agenda (2007)

Figure B2 – Structure of Abu Dhabi Police



Source: ADP Strategic Plan Document (2003 -2007, P10)

Appendix C

Research Interview Questions:

- 1- Could you tell me about your position and experience?
- 2- How would you describe the change process that Abu Dhabi Police (ADP) has witnessed up to the present time?
- 3- Abu Dhabi local government (ADEC) announced in 2007 a national strategy; could you describe the framework of this strategy, its vision and mission?
- 4- Is there a specific vision for ADP and, if so, are there correlations with the ADEC vision, how was it established and by whom?
- 5- Is the ADEC strategy focused on values or technical and financial aspects?
- 6- ADEC is representative of the Abu Dhabi government; thus, what kinds of role is played on the authorities (ADP), including types of political and economic role?
- 7- ADP is only one of the ADEC authorities; are there any shared events or other kinds of co-ordination with other AD authorities and, if so, in what form and in what subject (give examples)?
- 8- Is ADP strategy linked with the Ministry of Interior strategy and, if so, how would you describe the relationship?
- 9- Is there any communication process for vision and, if so, how would you describe the process of communication of the vision at ADEC and at ADP?

- 10-Are there any key success factors in ADP that relate to the change process that took place in ADEC? If so, were they taken into consideration and, if this was the case, how?
- 11-How has ADP changed in terms of structure and in what ways has this affected ADP strategy and accounting practices?
- 12-What are the strategies that have been adopted in ADP and how are they communicated?
- 13-Are there any accounting systems or practices in ADP and, if so, could you describe them and explain the criteria for choosing them?
- 14-Are there any changes that influence the accounting system that has been employed and, if so, could you explain why?
- 15-Are there KPIs and, if so, could you describe the key performance measures, how they are generated, by whom, the number of measures, how they are communicated and, finally, could you identify whether they are linked to ADEC key performance measures?
- 16-If KPIs have been set and changed by ADEC, how would you describe this change?
- 17-Are there any events that accompany the introduction of KPIs that are set by ADEC?
- 18-Could you describe the process of implementation of KPIs in ADP, the type of actors and evaluation of achievement?
- 19-Have there been any changes in the accounting systems in ADP in order to achieve and evaluate the KPIs?

- 20-How is the feedback regarding KPIs collected, by whom and could you identify the recipients of it?
- 21-Could you describe the role of the accounting system and accounting information in the organisation?
- 22-Have any plans or targets been set in order to achieve these key performance measures and, if so, how were they set and by whom?
- 23-Is there a process for performance evaluation in ADP and, if so, how would you describe it?
- 24- With regard to achieving performance targets, is there a reward system and, if so, could you explain how it operates?
- 25- Does ADP give attention to information and are there any systems that organise information and its use?
- 26-Is there any conflict between KPIs that are set by ADEC for ADP with KPIs that are required by the Ministry of the Interior and, if so, how could it be described?
- 27-Is there any resistance to the new accounting system in ADP and, if so, what form does it take and why?
- 28-Are there any further comments that you would like to add?

Glossary

AD: Abu Dhabi

ADEC: Abu Dhabi Local Government

ADP: Abu Dhabi Police

MACH: Management accounting change

KPIs: Key performance indicators